

EUROPEAN NEWS

UNION DAY OF ACTION ON LOW-PAID PLANNED

Unemployment still rising in France

DAVID WHITE IN PARIS

UNEMPLOYMENT in May for the seventh time running to reach 1.47m seasonally-adjusted terms, 0.2 per cent more than in April and 0.2 per cent more than in the year.

The figures, which fit in with expectations of a gradual deterioration through the year, came as the principal union organisations agreed on a joint day of action next Wednesday calling for a better deal for the lowest-paid and a reduction in working hours.

The protests, which will take the form of stoppages and demonstrations, are timed to precede a meeting with the

employers' federation, the Patronat, on the sensitive issue of working hours.

Co-operation between the rival union bodies, the Communist-oriented CGT and the more Socialist CFT, appears to have been strengthened after their joint power workers' strike last Thursday, which was in protest against a Government plan to prevent wildcat action at nuclear plants.

The Patronat's cancellation of a meeting the day before and the Government's threat of sanctions after the strike have served to rally union feeling. However, next week's strike is expected to create less disruption than the power stoppage or the previous joint union campaign against changes in the social security system.

The prospect of economic activity being held back by weak household consumption is confirmed in three monthly reports published this week by the Patronat, the Bank of France and the National Statistics Institute (Insee).

The employers' federation said the slowdown had already started but would not be sharp. Sagging consumption would be offset by a growth in productive investment.

The Bank of France said the

slowdown of production was generally maintained in May, although actual output dropped because of extended holidays and a series of stoppages. The outlook varied sharply from sector to sector but activity after the summer holiday period was expected to be about the same as before. Employers were expected to continue trimming their work forces, and only skilled labour was in demand.

The Statistics Institute said that household consumption showed further signs of slowing in May after a slight pickup the month before and that at constant prices it was below the average level last year.

The Government's budget requirement has risen to F1 17.7bn from F1 15.3bn forecast in September and includes F1 3.3bn of repayments of Government loans.

The Finance Ministry now estimates that the budget deficit of both central Government and the provincial and other local authorities will amount to 5.75 per cent of national income. This is just within the absolute limit of 6 per cent which the Government has set itself, although it is still considered to be too high for anything but the short term.

Higher spending on education, the environment and aerospace research has boosted the total Government bill by F1 1bn over the past few months.

The Government has already raised F1 3.4bn of its F1 17.7bn requirement. Much of what is borrowed later this year will not become available until early 1981, however. It has borrowed F1 4.4bn from the civil servants' pension fund, raised F1 4.3bn on the public capital market, F1 3.2bn on the private capital market, and issued F1 1.7bn on Treasury bills. It has also borrowed F1 700m in short-term bank loans.

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The explanation being given here is that, while the U.S. Administration has no doubts about Herr Schmidt's own resolve to set on behalf of Western interests, it does fear that the Chancellor may come under growing pressure from the left-wing of his Social Democrat Party to alter his stance.

Hence the sending of the letter and the linking of its contents in a way which guaranteed considerable publicity, not least through the details that it contained any critical remarks.

On the face of it these apparent U.S. fears seem more than over ill-founded, following

the Social Democratic congress last week in which the party left was largely dormant on the missiles problem and other alliance issues.

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Dutch curb public spending

By Charles Batchelor in

THE DUTCH Government has imposed strict cash limits on departmental spending to keep within its budget forecasts. Despite the curbs and a F1 35n (2659m) programme of cuts announced earlier this year, Government borrowing will reach record levels in 1980.

Mr. Fous van der Stee, the Finance Minister, said in his spring budget memorandum that Government spending must be reduced to F1 108.9bn this year from the F1 111.6bn forecast in last September's budget estimates. A sharp fall in expired tax revenues means that total Government receipts will be only F1 98.7bn compared with the F1 100.5bn at first forecast.

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Kadar plans early reshuffle for Hungary's leaders

BY PAUL LEVDY IN VIENNA

HUNGARY'S party leadership has decided to carry out a major reshuffle of the Government, involving the replacement of at least two deputy Premiers and the country's planning chief.

Full details of the reshuffle will become known when the new Parliament, elected on June 8, is convened. But it is taken for granted in Budapest that two key economic policy-makers, the deputy Premiers, Mr. Istvan Huszar and Mr. Gyula Szekler will lose their positions.

Mr. Huszar was removed from the Politburo at the Communist Party congress in March and it is understood that his replacement as chairman of the planning office will be announced in the reshuffle.

The shake-up is seen as a continuation of a series of personnel changes which have taken place at the top of the party. In March a third of the Politburo and a fifth of the central committee were not re-elected.

However, the newly planned reshuffle may run into some difficulty. Mr. Szekler should have become chairman of the state committee for technological development with the present office-holder, Mr. Leoadar Pal, a nuclear physicist, being shifted to the position of secretary-general of the

Academy of Sciences. But at a recent assembly of the academy, a majority of the members, angered by the political manoeuvring, voted against the replacement of the present secretary-general.

Faced with a serious economic situation and the need for energetic action to cope with the effects of the world energy crisis, Mr. János Kadar, the party leader, is seeking to streamline the Government and state apparatus. Addressing the party congress in March he said that the people had had enough of complaints and gloomy forecasts and wanted action.

Mr. Gyorgy Lazar, the Prime Minister, admitted, in a self-critical speech, the weaknesses of Government policy but was re-elected as a Politburo member and is expected to retain his post. It is thought that one of his deputies, Mr. Josef Marjai, will be given wider responsibilities and may enter the Politburo. This professional diplomat and former Hungarian Ambassador to Moscow has been the country's senior representative in the Comecon executive committee for the past two years.

Hungary's Minister of Defence, General Lajos Czinege, is another candidate for promotion. He is expected to become Deputy Premier after being in charge of defence for 19 years.

Reform policy urged on Poland's Government

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities must embark on a policy of real political and economic reform if the country is ever to make substantial progress, according to a report by the Independent Experience and the Future (DIP) group.

The report is based on replies to a questionnaire by about 140 academics and other intellectuals last December. Despite their commitment to change, however, few of the people who replied "saw any real chance" that the authorities would undertake the necessary steps, the document says.

Experience, and the Future was formed in 1978 as a forum to discuss Poland's problems. When the authorities refused to countenance such meetings, the group produced an outspoken report drawing attention to the political state of the country.

The group's latest report urges economic reforms to improve planning methods, rationalise and control capital investment, reduce the rate of inflation and raise labour productivity. It presses for a stable policy towards private agriculture, which uses 70 per cent of farm land, and says the housing programme should be speeded up.

The report notes, however, that economic changes will not work if a measure of trust is not built up between government and people. This can be achieved by telling the truth about the present economic and political situation, limiting censorship and giving people a greater say in the running of the country.

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Soviet airliners reported grounded

By Leslie Collett in Berlin

SEVERAL DOZEN of the Soviet Union's largest civilian aircraft, the Ilyushin 62, which is in service with Aeroflot and East European airlines, are believed to have been grounded recently because of serious engine defects.

The grounding was apparently ordered after an investigation of the crash near Warsaw to March of an Ilyushin 62 belonging to the Polish airline LOT. Everyone on board was killed.

An investigation showed the cause of the accident to be "material fatigue" in the engines and an inspection of all Ilyushin 62s equipped with the same engines subsequently revealed similar problems.

The Ilyushin 62, the Soviet equivalent of the VC10, is used on long hauls in the Soviet Union and overseas.

Some 30 Aeroflot aircraft were grounded. Also affected were Czechoslovak Airlines, LOT, Romania's Tarom and East Germany's Interflug.

The retraining with new engines is said to have led to "wide-spread and costly problems" for the smaller East European airlines, as Aeroflot's Ilyushin 62s were the first to have the work done at the Ilyushin plant.

The emergency engine programme is also believed to have led to delays in the production of new Ilyushin 62s and of the new Ilyushin 62, the Soviet Union's first wide-body aircraft.

The Ilyushin 62, which is intended to carry 350 passengers and has a range of 3,600 km, is scheduled to go into operation in time for the Olympic Games in Moscow next month.

However, East Europeans believe this target may now be in danger because of the problems with the Ilyushin aircraft.

EUROPEAN NEWS

Attacks in France spark Spanish lorry protest

BY OUR MADRID CORRESPONDENT

THE BORDER between Spain and France at La Jonquera was blocked yesterday and traffic on the main eastern road link was brought to a complete standstill as hundreds of angry Spanish lorry drivers mounted a protest against the violence of French farmers in the Midi who oppose the import of Spanish agricultural produce.

The blockade was sparked off by the sabotaging of a convoy of Spanish lorries 10 miles north of Perpignan on Monday when three lorries were dynamited and seven overturned. No one was hurt in the attack, which was a repetition of similar incidents in recent months.

They come at a time when relations between Spain and France are at a low ebb on

account of President Valéry Giscard d'Estaing's recent call for a "pause" in further enlargement of the European Community.

An indignant Spanish Press has accused President Giscard of blocking Spanish entry into the EEC in order to gain the French agricultural vote. The Spanish Government has been more restrained in its response but officials privately admit that the target date of January 1983 for the signing of the treaty of accession is unlikely to be met.

The French ambassador in Madrid, who was summoned to the Foreign Ministry, promised that his Government would protect further convoys with CRS riot police units backed by helicopters. The protesters on the border at La Jonquera, how-

ever, continued their blockade, demanding that the protection be extended to cover night driving.

A particular cause for the anger was that six of the sabotaged lorries were empty, while the remainder were travelling through France to other destinations in the EEC. Earlier this month, 12 Spanish lorries laden with agricultural produce and en route to Italy were stopped near Nîmes and had their cargoes overturned.

An added source of friction between both countries is centred in the Bay of Biscay where Spanish Basque trawlers last week complained that they were being harassed by French coast guards. The trawler fleet in the area is at present fishing under protection of Spanish naval vessels.

Swiss MPs challenge Ludwig

ZURICH — Social Democratic MPs have asked Swiss authorities to review the tax-free status of the Zurich-based Ludwig Institute for Cancer Research, which was set up with funds donated by Mr. Daniel Ludwig, an American.

The motions filed in the federal and Zurich state parliaments came after a Swiss group which promotes assistance to Third World countries, published a statement questioning the Institute's charity role.

The group which calls itself "Declaration of Bern," claimed that there was some evidence that the Institute was a cover for a "multi-billion franc operation." It asked "does the Ludwig Institute exclusively serve cancer research or does it serve tax-avoiding purposes abroad."

The Institute has rejected the "insinuations."



Herr Schmidt: limit to German contributions

Schmidt sounds warning on EEC contributions

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt has warned that the West German Government will not support another European Community finance decision like the one which ended Britain's EEC budget dispute.

In a statement to the Bundestag yesterday, Herr Schmidt stressed he had made "very clear" to the other EEC leaders in Venice last week that there were limits to the sums the Germans could afford to pay to the EEC.

He noted that the European Commission was to produce proposals by next June to remove imbalances in the EEC budget to which Germany, with DM 4.3bn this year and DM 5bn next year was much the biggest net contributor.

If the changes proposed did not go far enough, then the

question should be raised not only of imposing an upper limit on net contributions for other countries as well as Britain, but on net receipts as well.

Herr Schmidt said the Bonn government was not alone in Europe in adopting this attitude, and he had found "much understanding" when he had expressed his views on the topic in Venice.

In its public pronouncements so far, the Bonn government has not firmly demanded the imposition of ceilings on EEC receipts and expenditure—simply raised this as a course which will have to be taken if other measures fail.

In doing so, it is basing its stand on the declaration of the EEC Foreign Council in Brussels on May 30—which is seen in Bonn as having much

wider implications than simply solving Britain's EEC budget problem.

The text of the declaration notes that for the period after 1981, the EEC must carry out an examination of its policies "to prevent the recurrence of unacceptable situations" for any member state.

In the Bonn view that phrase firmly includes West Germany—where a battle is now underway between the Federal Government and the provincial states over the financing of the Brussels budget compromise.

The upshot of this dispute may be higher taxes here next year on petrol and spirits through imposition of what are becoming known as "Thatcher pennies"—a reference to the British Prime Minister and her EEC budget bill.

New electronic media gain a wider audience in West Germany

BY ELGIN SCHROEDER IN BONN

TWO LARGE West German cities—Berlin and Dusseldorf—have entered a new electronic era. After two years of successful technical tests, Viewdata and Teletext (or Bildschirmtext and Videotext) to use the German terminology, were launched this week into big market trials.

The new media will be tested over three years by 3,000 Berliners and by 3,000 users in the Dusseldorf area to determine future demand.

The trials will be accompanied by scientific studies to evaluate the impact of the new technology, not only on the traditional media such as newspapers and broadcasting, but also on social, cultural and economic life. The Bundespost, the Federal post office, under whose auspices the trials are being conducted, is confident that general introduction of Viewdata and Teletext systems will be possible by 1983 if the trial results are positive and the necessary legislation is passed in time.

Legal snags have already delayed the field trials, which were scheduled to start at the beginning of this year. From the first, the newspaper publishers have contested the right of the broadcasting organisations—which are run as public

corporations by the Laender, the Federal States—to exercise a monopoly over the transmission of the new media. The publishers argue that Viewdata and Teletext supply information in a written form resembling a newspaper page—albeit on a TV screen. Hence, in their opinion Viewdata "pages" ought to be an extension of newspaper pages.

This controversy over whether the new technology is to be considered "radio" or "press" has been put on ice for the time being to allow the market trials to proceed. Nonetheless, legislation to authorise them was bogged down for a long time by questions of data protection and advertising in the new media.

Meanwhile, the Berlin Senate and the North Rhine-Westphalian State Parliament have both passed laws allowing every "reliable" information provider to participate in the experiment under a "common carrier" principle. The major German newspaper groups seem to have given up resistance for the moment and seized the opportunity. They have also accepted that advertising—contrary to newspaper use—has to be clearly marked as such and not

be mixed with editorial content. For its trial of Viewdata the Bundespost has bought the British Prestel system, which has been slightly modified for the specific needs of the German language.

German interest in Viewdata has been stunning. After its initial presentation at the International Radio and TV Exhibition in Berlin in 1977, it quickly won followers among potential users and information providers. When Viewdata was first demonstrated at last year's TV exhibition, 125 companies were already active in the field. According to the Bundespost, it has now concluded contracts with as many as 640 companies. In January this year, the number of users of Viewdata, then still under technical trial, had reached 261. It has now gone up to 350 users in Dusseldorf and to 410 in Berlin, with steady increases expected as soon as all applicants have colour TV sets.

Under the Viewdata scheme, the viewer in his armchair can call for information stored in a postal data-base through tele-

phone lines linked to his TV set—for example for the latest weather report or for the opening times of the local Internal Revenue office. The information is provided by many sectors of industry and by many institutions apart from the publishers. They include retail trade, the banking and insurance industries, travel agencies

and tourist companies, federations, the churches, automobile clubs and consumer groups. But the inquirer can also begin a "dialogue" with the postal data-base as well as with the computer of another information provider. For example, he can check the prices of special bargains, place an order with a mail order firm, book a flight

or instruct his bank to transfer money.

The direct access of a private Viewdata user to companies and institutions intelligence systems distinguishes the German Viewdata trials from the system already functioning in Britain. Unlike Prestel, all the information stored under the German system will be available for general public use. There are no plans to limit access to some classified services to groups of special subscribers as in the UK.

Experts expect commercial application of Viewdata to dominate its use in the market. Herr Jurgen Kanow, head of the systems planning section of the Federal Post Ministry, says that this "gateway" or "front end" approach to computerised data held by information providers on their own machines via Viewdata, fascinates many firms, especially the mail order trade and the travel industry.

Viewdata could also become a cheap means of communications between head offices and branches of smaller companies. "By 1985," Herr Kanow predicts

optimistically, "this clientele will be extended to include a wide range of commercially interested parties such as doctors, dentists, architects and even farmers who will employ viewdata professionally." He expects that the business community alone will probably yield the 1m users that the Bundespost needs to break even.

"Dialogue" or "Interactive communication" is not possible under Teletext, the other medium on trial since June 1. The transmission of this one-way system, which does not allow the user to send back commands, differs from Viewdata in that it is broadcast. It is provided in collaboration between the broadcasting networks and the newspaper publishers. To start with, the TV stations will offer roughly 75 "pages," with 20 lines of programme outline each, while five leading German newspapers will provide on eight pages each political and financial news and information on cultural topics. The viewer can choose the information he wants with the

help of a keyboard.

The cost of this service to the user is surprisingly reasonable. Teletext is supplied free. All the user has to pay is a monthly rental fee of DM 5 (£1.25) for the Viewdata "Modem" which links the TV set to the telephone, and the local charges for the telephone calls. The "Decoder," the equipment

which has to be fitted to a TV set to receive either medium, at present costs around DM 1,400 (£335) but this is expected to drop to DM 200 in the near future. It is installed free of charge by the Bundespost while the trial lasts. An information provider may charge for his service if he specifies this beforehand.

Yet the information providers need not fear the postal bill either. A classified ad appearing on the screen will be less expensive than a comparable one in the local paper. It is the Bundespost, however, which will have to dip heavily into its coffers. Total estimated costs of the field trials have now been placed at around DM 30m (£7.2m).

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PUBLIC NOTICE

CITY OF WESTMINSTER London Borough
Notice is hereby given that the London Borough of Westminster has issued on 17 June 1980 for its financial year 1980-81 a notice of rates for the year 1980-81. The notice is published in the London Gazette and in the Westminster Gazette. The notice is also published in the London Gazette and in the Westminster Gazette. The notice is also published in the London Gazette and in the Westminster Gazette.



On July 17th, Cathay Pacific flies to Hong Kong at the dot of a dragon's eye.

To the Chinese, the dragon is the symbol of honour, energy, kindness, perfection—everything that is good. To “dot the dragon's eye” is to give life to the dragon, thereby bestowing all the qualities of the dragon upon a new venture.

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We're coming in Rolls-Royce powered 747s, crewed by British and Australian pilots. We'll be first on the route to let you choose fully-reclining Sleeper Seats in the upper First Class cabin (for the same fare other airlines charge for a normal First Class seat). Hostesses from nine different countries and cultures of Asia will bring you free drinks, headsets, movies and a standard of service that could only come from the East.

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CATHAY PACIFIC

AMERICAN NEWS

U.S. plans to resume crude oil stockpile

By David Lascelles in New York

THE U.S. is to resume stockpiling crude oil in its controversial Strategic Petroleum Reserve later this year, despite the risk of displacing Saudi Arabia.

In what will probably be the last legislative action in the energy sphere in this Administration, a House-Senate conference agreed on Monday night to authorise stockpiling at the rate of 100,000 barrels a day.

They deliberately delayed their decision until after last week's meeting of the Organisation of Petroleum Exporting Countries in Algeria to avoid provoking the Saudis who had indicated their dislike of the project because of its likely impact on the world oil market and prices.

However, the resumption could still become an irritant in U.S.-Saudi relations.

The reserve was authorised by Congress after the oil crisis of the early 1970s, but ran into mechanical and political difficulties. Stockpiling was eventually abandoned last year, partly to mollify the Saudis.

Eventually, the reserve could hold as much as 100 barrels of oil, enough to supply the U.S. for several months in the event of a complete oil cut-off from the Middle East.

However, it currently holds just short of 100m barrels, and there have been suggestions that the final target should be cut, or that oil companies should assume some of the responsibility for storing the oil.

Under the terms of the House-Senate accord, the reserve may be filled not only with imported oil, but with stocks from the existing military reserve in California, and from oil obtained as royalty payments on Federally-leased oil land.

Small rise in U.S. incomes

WASHINGTON — Personal income in the U.S. rose 0.1 per cent in May, the U.S. Government reported yesterday. The small increase offset a 0.1 per cent decline in April.

The inability of Americans to improve their incomes occurs despite an easing inflation rate. But, as consumer prices fell from an 18 per cent annual rate to 11 per cent, unemployment had risen from 6.2 per cent to 7.3 per cent, the Government said.

It said the personal savings rate rose to 4.5 per cent in May.

Court gives spur to genetic engineering

WASHINGTON — THE U.S. Supreme Court has ruled that forms of life created in a laboratory may be patented just like any other product, and thus removed a major barrier to widespread industrial use of genetic engineering.

The 5-4 decision, written by Chief Justice Warren Burger, said a living organism is covered by the Federal patent law's definition of "manufacture" or "inventions or discoveries."

Industry and university researchers predicted the ruling will spur an upsurge in genetic engineering work. Those wishing to exploit the techniques have complained that the inability to protect biological products and organisms discourages research, because profits could not be assured to cover costs.

Without patent protection, industry must try to keep the organisms as trade secrets. This keeps others from selling the works, and perhaps building upon it, and prevents a company from licensing a product for others to produce.

Mr. Thomas Kiley, a vice president of the San Francisco-based genetic research firm, Genentech, said the ruling was particularly important to smaller companies "who can be protected by patents so that they can enter fields such as pharmaceuticals which have been dominated by large firms."

Mr. Irving Johnson, vice president for research at Eli Lilly, the largest U.S. pharmaceutical manufacturer, said industry preferred to patent products instead of keeping them as trade secrets. The full

impact of the ruling would depend upon further interpretations by the patent office and the courts, he said.

Most of the research in question involves recombinant DNA technology. This involves taking the basic material of heredity — deoxyribonucleic acid — and transferring it from one species of organism to another, usually bacteria, to create organisms not found in nature.

So far, this "gene-splitting" has yielded bacteria that make medically useful but hard-to-find human products such as insulin, growth hormone, and interferon and others.

Scientists also are trying to create organisms for other areas, such as agriculture and pollution control, including food plants that take nutrients

Chrysler rescue postponed as some banks hold out

BY IAN HARGREAVES IN NEW YORK

THE DEADLINE for completing details of the \$3.5bn (£1.5bn) rescue of the Chrysler motor company has been deferred again amid indications that the U.S. Government is still struggling to whip banks into participating in the deal.

Members of the Chrysler Loan Guarantee Board, which is overseeing the formulation of the rescue plan, yesterday held a telephone conference to agree on a 24-hour adjournment of a session planned for today.

Those involved in the negotiations said it was still impossible to predict whether the revised deadline would be met. "It is still possible that the refusal of a handful of banks to join the deal could throw Chrysler into bankruptcy," one leading figure in the negotiations said yesterday.

According to those familiar with the talks, the bank currently proving the most difficult negotiator is Banco de Vizcaya of Spain. A spokesman for the bank in Madrid said it would not renew an already-expired 90-day extension of its loan to Chrysler, but he would not give the amount of the loan.

Other reluctant creditors in Europe remain the Banque Bruxelles Lambert of Belgium and the Deutsche Genossenschaftsbank and Dresdner Bank of West Germany, but some progress is said to have been made in talks between Chrysler and these three banks in the last couple of days.

Mr. Lee Iacocca, chairman of Chrysler, is taking a calm approach to another crisis for his company, which last week announced that it could no longer afford to pay its suppliers.

He said in Los Angeles that he was confident that the deal would be complete within 72 hours, and that the company would then be able to proceed through Salomon Brothers — its financial adviser, to issue the first \$500m tranche of Government guaranteed notes which will give it access to the cash it desperately needs.

It is clear that for the U.S. Treasury the focal thrust on its plan to save Chrysler from bankruptcy is its major priority of the moment. Mr. William Miller, the Treasury Secretary,

is reliably reported to have talked with other senior government officials in various European capitals about the importance which the U.S. attaches to completing the Chrysler deal.

For several weeks a Treasury team led by Mr. Robert Carwell, Deputy Treasury Secretary, has done little but pursue the rebel bankers in phone calls and personal meetings across the world.

Between them the Treasury, the company, and Salomon Brothers have attempted to corral their friends in several countries to plead on Chrysler's behalf and to stress the political importance of the issue to the U.S.

Behind these approaches, which have been amplified by contacts between Chrysler and the rebel banks, lies the clear threat that if any foreign bank holds out, it will not only face public vilification in the U.S. as the organisation which sent Chrysler into liquidation but that it will find it very hard to conduct business in the U.S. in the future.

For the half dozen or so U.S. banks — all of them very small —

still resisting the deal, persuasion has centred on trying to convince the bankers that they stand to lose more by a Chrysler bankruptcy than by coming on board.

The problem with all these tactics is that some of these banks obviously believe that they can be released from Chrysler and get their money back, while the bigger banks shoulder the burden of keeping the company in business.

One of the ironies has been that two or three of the U.S. problem banks are based in Michigan, at the centre of the U.S. motor industry, where Chrysler has its headquarters.

In a separate development yesterday, Chrysler announced that it was moving forward by two weeks the launch date for its K-body cars in August in order to increase its production run this year.

The K car is a medium-sized, by European standards, vehicle on whose success Chrysler's future depends.

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"It is still possible that the refusal of a handful of banks to join the deal could throw Chrysler into bankruptcy," one leading figure in the negotiations said yesterday.

The Government, under pressure from the 350 banks which have already agreed to the terms of the rescue, is telling the rebels that there is no question of any of them being paid off by Chrysler, as is often the case in large and complex financial packages of this type.

"It's still a case of all in or none in," one barrister official said yesterday.

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UK banks meet increased Mexican credit demand

BY LORNE EARLING

AN INCREASING flow of export orders from Mexico, won by British companies, has led to the signing of finance agreements worth \$100m (£42.7m) and more, with at least the same value, in the pipeline.

The orders are related to Mexico's rapidly developing oil industry and industrial projects being carried out on the strength of the country's increasing wealth.

Baring Brothers, for example, yesterday announced the signing of a \$50m buyer credit agreement over 18 months with Petróleos Mexicanos to finance the supply of British plant, equipment and services required by Pemex, the State oil company, in the development of the oil, gas, refining

and petrochemical industries. This agreement follows a \$50m export credit arranged by Baring for Pemex in 1978, which has been fully utilised.

The syndicate of lending banks in the present agreement, backed by the Export Credits Guarantee Department, comprises the Bank of Scotland, Canadian Imperial Bank of Commerce, Citicredit Bank, Lloyds Bank, International, The Royal Bank of Scotland, Banco Nacional de México and Bancamer SA.

LBI is also providing a buyer credit of \$30m for the supply of knocked-down Massey Ferguson tractors to Agromex, part of the Mexican Grupo Industrial Alfa de Monterrey, the fast developing industrial group. This will be a two-year

ECGD-backed credit at a rate of 7½ per cent per annum.

The European Banking Corporation is to provide a credit of \$11.6m, in conjunction with the Midland Bank, for the purchase of five HS-125 executive jets by Servicios Aéreos Regionales (SARSA), which is part of the Alfa and Viss group. This will be covered by the ECGD, but an additional \$9.2m provided by the two banks for the same purpose will not receive that cover.

It is understood that an additional \$50m buyer credit will be provided by one of the London clearing banks, following the signing of a letter of intent for the purchase of British equipment for a steelworks to be constructed by Hylsa, also a subsidiary of Alfa.

The decline is mainly attributable to a deterioration in the prospects for exports during the quarter. Export shipments will be down 1.1m tonnes from this quarter to 5.55m tonnes because of slower shipments to the U.S., Southeast Asia and the Middle East. Exports could be even lower if agreement with the Soviet Union on the financing of large-scale pipe exports is not reached. Those shipments, 350,000 tonnes for the six months to September, are included in the MITI's guidepost.

Domestic demand for steel continues to be relatively strong, particularly from the construction industry, but shipments will decline by about 70,000 tonnes to 16.17m next quarter as manufacturers dip into inventories built up early this year in anticipation of price increases.

Mr. Volcker, who is visiting China, said Chinese bankers had made it clear that they were "concerned" as to how to utilise the lines of credit China negotiated in a flurry in 1978.

Mr. Volcker's statement confirms a trend, previously apparent, that China is turning towards cheap development assistance such as the large low interest loan negotiated with Japan last year.

China's recent moves into the International Monetary Fund, the World Bank and its affiliates also point to this trend and Mr. Volcker said it appeared China had negotiated more credit than it needed.

Mr. Volcker has had discussions with Chinese bankers and also representatives of the State Planning Commission.

The said Chinese bankers were looking at ways to increase savings and at the way these could be boosted by movements of interest rates. The Chinese wanted to use savings to expand investment in rural areas, which has been neglected, he said.

China recently increased interest rates on savings to an upper limit of about 5 per cent on long-term deposits.

The U.S. official said Chinese bankers were keen to encourage investment in agriculture and light industry. However, the authorities appeared concerned by deficiencies in transport and energy development.

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The said Chinese bankers were looking at ways to increase savings and at the way these could be boosted by movements of interest rates. The Chinese wanted to use savings to expand investment in rural areas, which has been neglected, he said.

China recently increased interest rates on savings to an upper limit of about 5 per cent on long-term deposits.

The U.S. official said Chinese bankers were keen to encourage investment in agriculture and light industry. However, the authorities appeared concerned by deficiencies in transport and energy development.

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AN INCREASING flow of export orders from Mexico, won by British companies, has led to the signing of finance agreements worth \$100m (£42.7m) and more, with at least the same value, in the pipeline.

The orders are related to Mexico's rapidly developing oil industry and industrial projects being carried out on the strength of the country's increasing wealth.

Baring Brothers, for example, yesterday announced the signing of a \$50m buyer credit agreement over 18 months with Petróleos Mexicanos to finance the supply of British plant, equipment and services required by Pemex, the State oil company, in the development of the oil, gas, refining

and petrochemical industries

U.S. assurance on imports of reactor spares

BY DAVID FISHLICK IN STOCKHOLM

BRITAIN would have no problems with the U.S. Government over import licences for major parts of the U.S.-designed nuclear reactor, which the Central Electricity Generating Board plans to build, a senior State Department official promised here today.

The British nuclear industry expects to import about 25 per cent of value of the first 1,100 MW pressurised water reactor, Westinghouse, the reactor licence, is the preferred source of most components, such as the steam generators and reactor internals, none of which is at present manufactured in Britain.

But doubts about U.S. policy on nuclear proliferation and the Carter Administration's willingness to guarantee exports of so-called "sensitive" nuclear technology—that is, technology considered to have a use in making nuclear weapons—has led the UK reactor industry to consider purchasing elsewhere.

Dr. Thomas Pickering, of the State Department, speaking at a conference on the future of nuclear power, said his Government had already relaxed its restraints and had begun to issue nuclear fuel licences valid for up to five years.

Fuel cycle

It was considering "significantly longer-term" licences for countries with what he called "good" non-proliferation credentials.

But Dr. Pickering warned against any idea that the international industry could return to the position on nuclear development and commerce that existed before its call for the International Nuclear Fuel Cycle Evaluation (INFCE). This was the exhaustive study of pro-

liferation called for by President Carter in 1977, which ended this spring.

This evaluation had indicated that the growth of nuclear power to meet energy needs could be carried out in a way "that does not unacceptably increase the risk from proliferation," said Dr. Pickering.

As he saw it, INFCE was a step towards a broadly accepted norm for the conduct of nuclear commerce and the development of the nuclear fuel cycle, and associated safeguard measures that take into account both energy security and non-proliferation concerns.

Establishing such norms would require "energy, imagination, co-operation and a long-term perspective."

The U.S. Government believed it was important to move steadily towards removing uncertainty and friction from nuclear supply arrangements, and towards improved and broadly-accepted ground rules for the development of the nuclear fuel cycle.

Dr. Pickering claimed that it had never been his Government's policy to "ban" the use of plutonium, the reprocessing of spent nuclear fuel, or the use of fast breeder reactors. INFCE had "depicted" the international nuclear atmosphere, and alleviated some of the divisiveness and distrust. Points still contested were "generally matters of judgment rather than fact."

After INFCE the U.S. had a deeper appreciation of the energy security problems of many countries, and it believed that other countries had a better understanding of American worries about proliferation, he said.

Monetary policy complicated by pound

THE SURGE in foreign demand for the petrocurrency pound, coupled with the freedom for UK investors created by last year's abolition of exchange controls, has greatly increased Britain's exposure to the buffeting of international capital movements.

This has not only increased the volatility of sterling, reflected in the sharp ups and downs (mostly ups) of the exchange rate during the past few months which have added to problems faced by British exporters.

It has also had important repercussions for economic policy-making. The ease with which both foreigners and UK residents are moving into and out of sterling is complicating the Government's efforts to control the money supply and to restrain the rebuilding of the pound's role as an international reserve currency.

In particular, the "international" aggregates of money supply, which are not included in sterling M3, the main definition monitored by the authorities, have been growing exceptionally fast recently.

This is one reason why the Government is still cautious about cutting interest rates, in spite of success in reducing the expansion of sterling M3 over the past six months in which the official 7 to 11 per cent target range.

The ending of exchange controls last October allowed British residents complete freedom, for the first time in 40 years, in their external trans-

actions in both sterling and foreign currencies.

As a result, during the past 7½ months, large sums have been moved abroad. Private individuals and institutions have increased their investments on foreign banking and securities markets; banks have increased lending in sterling to foreign borrowers; and large repayments of foreign currency loans have been taken up to finance overseas investments.

These flows out of the country

have increased their sterling deposits in UK banks, at an annualised rate of 58 per cent. This compares with the growth rate for sterling M3 over the past six months (to May, for which the Bank of England has provided as yet only incomplete data) of 9 per cent.

Sterling M3 is defined as notes and coin in circulation plus sterling deposits held by UK residents at British banks, excluding inter-bank liabilities. Some City analysts argue that

to see a correspondingly lower rate of sterling M3 growth before they can cut interest rates.

Other "international" money supply aggregates are also being scanned by the Bank and Treasury for signs that bank depositors may be permanently shifting to alternative forms of money holdings following the ending of exchange controls.

UK residents' foreign currency deposits in UK banks—which are included in the M3 money supply definition but not in sterling M3—have been growing at an annual rate of more than 40 per cent during the past six months.

This may simply be a once-and-for-all reaction to the ending of controls. Additionally, most of these holdings are probably earmarked for spending abroad. But such deposits are of definite relevance to the UK money supply now that UK residents can switch freely between sterling and foreign currencies.

Some owners of foreign currency accounts—both companies and private individuals—may, for instance, be using their deposits as savings instruments which can speedily be converted back into sterling. Such switching might occur particularly if the pound weakened on the foreign exchanges from its present high levels.

The ending of exchange controls has also increased the significance for the UK money supply of deposits held in overseas banking markets. As Mr.

Kit McMahon, now deputy Governor of the Bank of England, observed in 1976, the controls served to "police the frontier" between the Euro-markets... and our domestic monetary system." Now the policeman has been withdrawn, and funds can be withdrawn from and repatriated to the UK without restrictions.

As the chart shows, the sterling deposits of UK residents and non-residents held in overseas banks (the Eurosterling market) have more than trebled over the past three years, although admittedly the build-up started from a relatively small base.

Additionally, UK residents have been increasing their foreign currency deposits in overseas banks. This latter trend has almost certainly accelerated—partly for tax-avoidance reasons—since abolition of exchange controls.

Closely linked to renewed international interest in sterling by investors is the vexed question of the pound's role as a reserve currency.

Following the run-down of the official sterling balances in 1976, which contributed to the pound's dramatic fall on the exchange markets that year, the Government reached an agreement with overseas sterling holders in early 1977 aimed at stabilising central banks' sterling reserves at levels needed for "working balances."

Recently, however, there have been signs of an increase in these balances, which represent

at least a possible source of volatility for the pound and a potential drain on reserves. The latest statistics show that official holders, led by the oil-exporting countries, increased their sterling reserves by £480m in the first quarter.

Mr. Nigel Lawson, Financial Secretary to the Treasury, who is responsible for international monetary affairs, says that the Government has no intention of allowing sterling to resume its former status as a reserve currency.

According to International Monetary Fund figures, sterling's share of world foreign exchange reserve amounted to around 10 per cent at the start of the 1970s, having fallen from well over 50 per cent after the Second World War.

Excluding the holdings of international organisations like the World Bank but including official sterling deposits on the Euromarket, the pound now accounts for only about 2.5 per cent of world reserves compared with around 2 per cent in 1976.

Mr. Lawson notes that the build-up of sterling reserves from the low point in 1976 has been only modest.

Whatever happens, the Government can afford to be somewhat more relaxed about the overseas sterling holdings. This is both because of the increased size of Britain's own reserves compared with 1976, and because the Government's tight money policy, combined with the presence of North Sea oil, is likely to limit the danger of any sudden withdrawals.

High hope for increased investment by Japan

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A JAPANESE industrial mission left the UK after a 10-day tour yesterday, optimistic about the prospects for increased investment in Britain.

The 17-man team from the Osaka Chamber of Commerce and Industry, which has 24,000 member companies, visited Japanese manufacturers established in the UK to assess the potential for further development.

The visit, which took two-and-a-half years to arrange, is regarded as very important by the team's hosts: the Invest in Britain Bureau (IBB) and the Scottish Economic Planning Department. The UK has only 22 Japanese manufacturers; very few compared with investors from elsewhere abroad.

The Osaka Chamber, making its first visit to Europe, chose to spend most of its time in Britain before going to West Germany, Holland and Belgium. Mr. Seiya Inaba, the mission leader, said that the primary purpose was to establish how well existing Japanese companies in the UK were doing and to look at the investment opportunities.

The chamber had started discussing with IBB what types of industry might be appropriate to Britain and what areas would be best suited to them.

While the mission was in Scotland, the Scottish Economic Planning Department announced that the Terasaki Electric Company, which manufactures switchgear and circuit breakers for industry, was to take over a factory in Glasgow, creating 50 new jobs.

Transatlantic flights boost Manchester passengers

BY RHYS DAVID

PASSENGER traffic through Manchester Airport is expected to top 4m this year after a 22 per cent jump in numbers handled in the first four months.

The airport, the UK's third biggest, handled slightly more than 3.5m passengers last year. This year, numbers have been boosted by the big surge in transatlantic travel and by several new routes.

About 40 airlines use the airport. Ten more will join them during 1980 and 1981.

Recently established services include three flights a week by Austrian Airlines to Vienna and two by LOT (Polish Airlines) to Warsaw. This year, El Al is to start a scheduled service to Tel Aviv, and next year Air Portugal will begin a regular service to Lisbon.

In the UK, services to the Isle of Man by Air UK, to Guernsey by Guernsey Airlines, to Newquay by Brymon and by Air Ecosse to Dundee have been established recently.

As for charter, which account for half Manchester's pas-

sengers, Air Florida has begun regular flights to Miami, and other new destinations have been opened up by Orion, another new operator.

Meanwhile, a £14m project has been in progress during the past two summers to strengthen the sole runway and remove a hump. The work, carried out at night, has closed the airport nightly from 11 pm to 7 am.

It is almost complete, and the runway is expected to be fully back in commission with a completely new lighting system by August Bank Holiday.

Long-term growth at Manchester is likely to depend on proposals for extending the 9,200 ft runway by 800 ft. The results of a public inquiry into the scheme are expected shortly.

The extra length is needed to enable Boeing 747s to take off fully laden. With a longer runway, the airport authorities hope to persuade airlines to open long-haul routes to Southern Africa, the Middle East and the North American West Coast.

Calor houses cut energy costs by 50%

BY MAURICE SAMUELSON

TWO SEMI-DETACHED houses incorporating new features in solar heating were opened here yesterday by Professor Sir Hermann Bondi, chief scientist at the Department of Energy.

The main highly compact storage system developed by the Calor Group, the liquid gas distributor. This system provides space and water heating at between 50 and 60 per cent below the cost in houses with conventional central heating. Its installation costs £3,750 more than a conventional central heating system in a similar house.

Sir Hermann said that the system, which Calor had been

developing for three years, promised to be very reliable. Unlike other solar systems which use water in their solar roof panels, this one uses crystalline salts and the storage unit is no larger than a domestic central heating boiler.

The Environment Department contributed £700,000 towards developing the system.

Lesney Products

The additional redundancies at Lesney Products reported yesterday have already taken place. They are not about to take place, as was stated, and the company's redundancy programme has been completed.

"Energy crisis?"

What energy crisis?"

As Britain becomes self-sufficient in oil, the energy crisis may seem comfortably remote. Such complacency is dangerous.

North Sea self-sufficiency won't last forever. And unless new fields are found and developed, it will barely outlast the decade. Meanwhile, the nation's oil consumption is a moving target: the faster UK demand rises, the harder it will be to keep up with.

So it's as important as ever to use oil efficiently.

That means using substitutes for oil wherever possible — burning more coal, for example, in industry and power generation.

It means concentrating oil on the jobs it does best; as transport fuel, chemical feedstock and lubricant.

That's why Mobil is investing over £200 million at its Essex refinery to increase by 60 per cent the petrol that can be made from each barrel of crude.

It also means developing and investing in alternative energy sources, to begin the transition away from society's present oil dependence.

But efficiency and innovation alone won't keep the crisis at bay. Britain must find and develop more of its own oilfields. The Government's proposal to release 90 more areas for exploration should be just the start of a concerted and consistent policy for further North Sea development. A second generation of North Sea fields is essential to ensure that Britain's energy self-sufficiency doesn't become a thing of the past.

Mobil®

UK NEWS

Agency
sells its
stake in
ProsperBy Ray Parnham,
Scottish Correspondent

THE SCOTTISH Development Agency, which has suffered a run of losses on its industrial investments, yesterday announced a substantial profit on the sale of equity to a private holding group.

The agency has sold its 31 per cent share in Prosper Engineering, an Ayrshire company which makes bolts and components for the oil and gas industries, to Lithgow (Holdings) of Glasgow, which already owns 35 per cent of the company.

Prosper was one of the agency's first investments. It has expanded its turnover, profits and employment steadily since it was helped four years ago. Details of the sale agreement have not been disclosed, but the agency expects to more than double the £97,000 it put into the company.

Example

Mr. Hugh Jork, the agency's industry director, said: "Prosper is a perfect example of what the agency aims to achieve. Our investment helps the company to develop and expand, and the sale of our interest in line with the original agreement with Lithgow—enables us to make an excellent return on capital."

The Lithgow group was formed by Sir William Lithgow after the nationalisation of his family's shipbuilding interests. In the next three years it has doubled its workforce to about 1,000.

Since the agency started its operations in 1976 it has invested more than £24m in 50 companies in shipbuilding, engineering, and other industries. Five have been returned to the agency.

Last week it said it had signed a motion with the trading group Tozer Kemsley Millburn to sell Stonefield Vehicles, its largest investment, which has absorbed £4m.

Pressure pipe
company
on short time

Financial Times Reporter

WORKSHIRE IMPERIAL PLASTICS has put more than half its 170 employees in Swindon, Wiltshire, on short-time working. Orders have slumped after Government expenditure reductions and construction industry cuts.

The company makes plastic pressure pipes for water or sewage. Demand from water boards and local authorities has fallen, although exports, especially to the Middle East, are healthy.

The plant operates a continuous process, seven days a week, and is to be shut down for four days a month.

Ninety workers are to lose their jobs at Turner-Spicer, of Wolverhampton, West Midlands, which makes gearboxes. The U.S.-owned company employs nearly 1,400 people at two factories.

The jobs will go in the transmission division.

Unit trust funds
suffer £5.5m
net outflow

BY TIM DICKSON

FUNDS MANAGED by unit trusts have declined by £5.5m since the start of the year, because of investors' disenchantment with the equity market.

Figures published by the Unit Trust Association yesterday show that in May units bought back from managers exceeded new sales by more than £0.5m. Unit trust business is now at an extremely low ebb.

The net outflow of £5.5m recorded so far in 1980 compares with net new investment of £30m in the first five months of 1979 and £141m in 1978.

The figures are a disappointment for unit trust managers, who were hoping that changes introduced in the Budget would help break the recent pattern of poor sales.

Unit trust fortunes first went into decline last year when units cashed in reached a historically high level. In the current climate of high nominal interest rates and unexciting equity markets, however, the chief problem in 1980 has been to attract new investors.

Sales of unit trusts in May at £27.8m were lower than the previous month's £31.3m while repurchases were only marginally higher at £28.45m (£27.08m).

Sales and repurchases in May a year ago were £39.35m and £34.56m respectively. The statistics for May, 1980, corporate figures from 436 authorised unit trusts and include one initial offer.

Mr. Cholmeley Messer, chairman of the Unit Trust Association, last night blamed the continuation of high interest rates for the "dull and disappointing" new business figures last month.

Referring to the recent rise in the UK stock market, he said equities were now beginning to anticipate some of the good news. "Investors now really ought to think very hard about buying unit trusts or they will be too late," he said.

The recent rise in share

prices will certainly give new heart to unit trust managers, who are in many cases looking forward to the launch later this year of funds specialising in gilt-edged securities.

New regulations relating to the tax treatment of unfranked income were published in the Finance Bill. These changes mean that managers will soon be able to market tax-efficient fixed interest authorised unit trusts for the first time.

But Mr. Messer sees the main benefit accruing in the long term. "I don't expect we will sell a vast number of units in 1980 but I will be very disappointed if this is still the case by 1990," Mr. Messer, meanwhile, sees the first new tax-efficient unit fund being launched in September.

Besides this new opportunity, the Chancellor also announced in the Budget that unit trusts (together with investment trusts) will be exempt from capital gains tax.

Another boost came at the end of last year when the Government announced that unit trust management charges would no longer be controlled. Although few trusts have yet acted to increase their charges, this concession will be a relief for some unit trust groups squeezed by the poor demand for new units.

Lex, Back Page

Curb diplomats'
parking-call

TOUGHER ACTION should be taken against diplomats who abuse London's parking laws, Greater London Council has told Mr. Douglas Hurd, Minister of State at the Foreign and Commonwealth Office.

Mr. Alan Greengross, leader of the GLC Planning and Communications Policy Committee, said: "In future, diplomats' unpaid tickets may no longer be automatically cancelled."

The recent rise in share

Accountants may ban
'window-dressing'

BY MICHAEL LAFFERTY

THE PRACTICE of "window-dressing" is likely to be outlawed by the Accounting Standards Committee in a new accounting standard to be issued shortly. The ASB is the rule-making body for UK company accounting matters.

The committee is responding to suggestions made by the Department of Industry and the Bank of England. Both expressed concern about the practice by which transactions may be specifically contrived at the balance-sheet date to give an unjustifiably favourable view of a company's or bank's financial position.

"Window-dressing" last came into prominence in 1975 when the Department of Trade and Industry's report on London and County Securities, the fringe bank, was published.

The inspectors, one of whom was Mr. David Hobson, senior partner of Coopers and Lybrand, the leading accounting firm, recommended that there should be closer surveillance and control in this area.

The committee's response was to bring "window-dressing" within the scope of the forth-

coming accounting standard on "Post Balance-Sheet Events." This was recently approved by the committee and is likely to be published in August.

The standard, to be known as SSAP 17, sets down that there should be disclosure of "window-dressing" where there is reversal or maturity after the year-end of a transaction entered into before the year-end, the substance of which was primarily to alter the appearance of the company's balance sheet.

A background technical note will be issued with SSAP 17. It explains that "window-dressing" is not a precise term. Some people believe it extends to fraudulent falsification of accounts, which is unlawful.

The standard is limited to the practice of "lawful arrangement of affairs over the year-end to make things look different from what they would otherwise have been at a year end."

The committee's response was to bring "window-dressing" within the scope of the forth-

Sassoon trims Bond Street operation

BY ALAN FRIEDMAN

AN HISTORIC chapter was closed yesterday for Vidal Sassoon, the world famous hairdressing group when one of the earliest of its prestige salons was sold to an Italian retailing chain.

The New Bond Street outlet in London's Mayfair was opened in the early 1950s by Mr. Sassoon. But after a sharp increase in overhead expenses the Sassoon group decided to throw in the towel and sell to Nazareno Gahrelli, a fashionable leather goods group.

The New Bond Street premises—frequented by film stars, dukes, duchesses and a host of jet-set luminaries—will become a trendy centre for Italian leather goods.

Although the selling price was not revealed, Mr. Louis Rodwell, the property director for Sassoon, said yesterday that a considerable premium had been paid. The final blow had come recently when the rent was increased from £14,500 a year to £55,000 a year.

The amount of rent may not seem important when one considers that Vidal Sassoon, who started work in London's East End, reached international fame in the 1950s.

Hairstyles

Fashion and cosmetics designer Mary Quant insisted that all her models should wear Sassoon hair styles. Mrs. Farrow insisted that Mr. Sassoon be flown out to Hollywood to style her hair for the

film *Rosemary's Baby*. But Mr. Rodwell noted sadly: "Just look at the economics of the hairdresser's trade. It is no longer viable as a hairdresser in London."

The Sassoon empire, worth about £30m in the U.S., is down to six outlets in Britain. But the group is expanding rapidly into a range of health and beauty products.

In Britain, Sassoon makes shampoo, conditioners and hair spray. In the U.S., a line of skin-care products

appears to be doing well a few months after its launch. There is even a newly franchised range of Vidal Sassoon jeans. These developments are expected in the UK soon.

Nazareno Gahrelli, the owner, said: "Vidal Sassoon is a world brand. In Italy, Hong Kong and Düsseldorf plans to open its first London shop on the premises of the Sassoon salon in the autumn. It just won't be the same."

Post Office launches first
electronic mail system

BY JASON CRISP

THE Post Office launched the world's first public international electronic mail system yesterday. It will send a single sheet of letter or drawings by satellite to Toronto in less than two minutes.

Mr. Ron Dearing, chairman-designate of Posts and National Girobank, inaugurated the facsimile service by sending a letter from the London Stock Exchange to the Canadian Postmaster General in Toronto.

The Post Office plans similar links with cities in other countries and within the UK. By the end of this year it plans to have links between London and the Netherlands and Belfast. Next year, it hopes to be able to transmit letters electronically to Hong Kong.

From today, companies in the City of London will be able to send a page of copy or drawings to Toronto within three hours of its being handed in at the Post Office at the Stock Exchange.

For companies elsewhere in the London postal area it will take longer. It may be collected by the Royal Mail's Expresspost, at extra cost, or handed in at two other main London Post Offices.

The new service, called Intelpost, costs £4 for the first sheet

of up to A4 size and £2 for each subsequent sheet. It will be half price for the first three months.

The page is scanned by a facsimile machine in London that transfers the information to a computer capable of storing up to 1,000 pages. That transfers the information in digital form to Toronto via satellite—a surface distance of 3,500 miles.

A similar machine then re-assembles the page as an exact copy of the original. Typescript, graphics and signatures can all be transmitted by the system.

The Post Office has not established a public facsimile link with the U.S. because the Federal Communications Commission would not permit it. Complex regulations governing the U.S. postal authority have led to a fierce and contentious battle about whether electronic mail would infringe the monopoly granted to the separate telecommunications authority.

Although the Post Office service is the first public facsimile between countries, the German Bundespost has public facsimile between cities.

Most large multinational companies have private facsimile equipment for communicating between offices and countries. Where machines are compatible they can transfer documents to

other companies over the public telephone network.

Although Intelpost has the capacity to transmit 1,000 sheets of A4 a day to Toronto, the Post Office expects that it will be sending only a few hundred a week at first. It expects its main users to be businessmen, designers and lawyers.

Aged penalised
by fuel costs

GOVERNMENT measures for protecting poor consumers against rising fuel prices "will prove too weak to prevent thousands of elderly people experiencing the misery and danger of cold conditions for yet another winter," warned Mr. David Hohnham, director of Age Concern England, at the annual general meeting of the organisation in Leeds.

"Considering the fact that gas prices are going up by 32 per cent this year, and that electricity, solid fuel and oil prices are also spiralling, while inflation is running at over 20 per cent, the 18.5 per cent increase in the retirement pension, payable this November, looks extremely meagre," he said.

Routine check 'should reveal
Reliant Robin safety hazard'

BY JOHN GRIFFITHS

A POSSIBLE safety hazard on Reliant Robin three-wheeled cars is of a type that should be spotted during routine servicing and MOT tests, Mr. Norman Fowler, Transport Minister, said yesterday.

Department of Transport inspectors have just finished examining 999 Robins, following a BBC-TV *That's Life* programme which asked whether work to rectify a steering defect was being carried out in such a way that fuel or brake pipes might be damaged.

During the past three years some 50,000 Robins have been involved in three recalls to reinforce the steering box mounting. Robins produced since the start of this year have had an entirely new system fitted.

Of the Robins just inspected, 309 had had their steering mounting bracket modified in accordance with instructions given to dealers in the last recall. About 150 showed some pipe chafing, although not

enough to be an immediate safety problem. Ten vehicles had badly chafed pipes, and seven had had either poor welding in the supporting bracket or further modifications fitted poorly.

The DoT is still examining the problem jointly with Reliant, but in the meantime is instructing testing stations to check Robins' pipes and steering mechanisms with extra care. It is also asking the Society of Motor Manufacturers and Traders and the Motor Agents' Association to alert their members to the problems.

Mr. Fowler said owners should have their vehicles checked immediately if they had any doubts about whether their cars had been modified properly.

Mr. Fowler yesterday defended the Government's decision not to take over from manufacturer responsibility for investigating motor defects and deciding on remedial action.

He told a conference on safer

cars that: "If I had thought that was the best way to protect the public, I would have gone down that road. But in this area... I do not believe that the Government should try to do what the private sector can do just as well or better."

While he welcomed recent letters from car owners pointing out potential defects on other cars and on which they felt inadequate remedial action had been taken, he also warned that a "worryingly high" number of owners did not respond to recalls. A quick response to any recall was essential, he said, no matter how trivial it appeared at first sight to be.

Nineteen recall campaigns, involving 56,339 vehicles, were undertaken between January 1 and March 31 this year, the DoT reported yesterday. Sixty-two campaigns have been initiated since a voluntary code of practice set up by the DoT and SMMT became effective in July last year.

GLC backs Maplin
as London airport

FINANCIAL TIMES REPORTER

GOVERNMENT proposals for a third London airport at Stansted were attacked yesterday by the Greater London Council which unveiled its own detailed plans for a two-centre airport based on Maplin and London's East End.

The GLC claims that the Government's choice of Stansted, in Essex, was made on "wrong information" concerning costs and operational times.

"It says that its proposed two-centre airport at Maplin and East London, linked by rail, would be cheaper than Stansted at an estimated £245m compared with £395m. It claims Maplin could be operational in about six years after receiving the go-ahead. The Government has been told that it would take 17 years."

The GLC plan involves provision of basic terminal facilities at Maplin with a special film rail link, running largely on the existing rail network, carrying passengers to terminals in East London. Customs and immigration controls could be carried out on the trains. An air-freight complex would be developed in Docklands, which would also

provide the site for a second passenger terminal and ancillary facilities. The airport's functions, the GLC believes that a third airport could generate employment not only at Maplin but also in London and the North Thames Corridor.

This would save the capital expenditure on building a town around Stansted, where, says the GLC, "the airport would do nothing to fill empty housing or overcome a continuing employment shortage."

Mr. Alan Greengross, leader of the GLC's Planning and Communications Policy Committee, said the council "would have no difficulty in getting a consortium together to back the plan."

As an initial step, Mr. Greengross said the GLC would consider submitting a planning application for the first stage of an airport at Maplin.

Facilities this year, Mr. John Nott, Secretary of State for Trade, said: "There is not, in my view, the remotest possibility of any government ever resurrecting the Maplin project."

Unemployment 'likely to
force change in strategy'

BY DAVID MARSH

THE THREAT of unemployment rising towards 3m in the early 1980s will probably force the Government to relax its plans to cut public spending during the next few years, according to Cambridge Econometrics, the forecasting group linked to Cambridge University.

In a report published yesterday, the group says the Government's medium-term financial strategy, if carried through to its logical conclusion, would cause unemployment to rise to about 2.5m next year and to a plateau of 3m by about 1984. This would be close to the jobless peak reached in the 1930s, and would probably last longer.

It says, however, that the Government is unlikely to allow this to happen. Ministers are likely to allow a slight rise in public expenditure from the restrictive levels laid down in the medium-term strategy in order to keep the unemployment total down to around 2.5m by 1984.

This policy moderation would still enable the money supply to grow by less than 10 per cent this year and by 10 per cent next year. It would allow both a fall in interest rates and a

cut in income tax—to be paid for not through deeper reductions in public spending, but out of North-Sea oil revenues.

Although it uses its profits to finance economic research at Cambridge University, Cambridge Econometrics is separate from the economic forecasting team at the university's Department of Applied Economics, which has also recently forecast a sharp rise in unemployment in the 1980s.

The group calculates that, according to the medium-term strategy, Government current expenditure would be likely to fall by an average 1.2 per cent a year in real terms between 1980 and 1983.

It envisages that this plan will be relaxed to allow current spending to grow by around 0.5 per cent a year during this period. The biggest change is expected to come in 1983, when it sees spending rising by 0.8 per cent instead of falling by 2.2 per cent.

A further forecast that sterling is likely to remain reasonably strong against the dollar and other leading currencies in spite of Britain's above-average rate of inflation has been made by Prelex, the New York-based group.

Advisers show London Transport
the way to improvement

BY LYNTON McLAINE

THE PERFORMANCE of London Transport could be improved in six major respects, says a highly critical report on the LT Executive Board by PA International, the management consultants.

The report says the executive is "shell-shocked, with a limited sense of purpose, a lack of clarity about its business, and a cosy consensus approach where strategic issues are not discussed."

However, the management consultants say their recommendations could result in greater use of the services by the public; improvements in the level and quality of service; an improvement in financial performance; reduced dependence on financial support from the Greater London Council; restored public confidence in LT; and improved relations with the GLC.

The first step, says the report, should be preparation of an action plan, clearly showing dates at which benefits—financial and in service—can be expected.

The role of Mr. Ralph Bennett, chairman of the executive, is highlighted. The report says that the initiative and sense of purpose in remedying the weaknesses in LT's corporate operations "must stem from the chairman."

PA describes London Transport as "the largest, oldest, and most complex undertaking of its

type in the world." It is also among the least subsidised. But the executive board "is weak in skills that are required to run a large business and indeed to manage itself as a board."

Mr. Bennett said yesterday that this did not reflect on individual members of the executive but was "a reflection of our corporate ability to pull it all together."

However, Mr. Leslie Chapman, the part-time board member and author of "Your Disobedient Servant," disagreed. He said that the PA analysis of the weakness was a "plain unarguable statement of fact."

Mr. Chapman told the Financial Times earlier that the report was the most scathing on management he had ever seen. But he said it was perfectly justified, extremely accurate, penetrating and comprehensive.

In a detailed diagnosis the board had a limited sense of purpose; lacked clarity in its business culture and agreement on its objectives; had not translated its objectives into a strategic plan; was too pre-

occupied with day-to-day operations and weak in gaining acceptance for its policies by the GLC.

The executive board was also insufficiently outward-looking; did not communicate well its sense of purpose either upwards or downwards; was relatively ineffective in monitoring the performance of the bus and tube businesses; and did not ensure firmly enough that remedial action was taken where needed.

Above all, the report says that the executive board fails to act as a corporate board rather than as a group of individual members.

As a consequence, it responds to and defends its position against the GLC rather than taking the initiative. The board also administers, authorises and responds to the action of the two businesses rather than directing.

PA rejects the idea of a holding board overseeing the tube and bus businesses. It recommends that the chairman, who should combine the functions of chairman and chief executive, should have three key tasks—to re-establish relations with the GLC, to instil a sense of purpose into LT, and to ensure that the executive adopts a corporate approach.

PA says that the LT executive should employ a second part-time member to monitor the overall performance of London Transport.

CHRISTIE'S sold the fifth and final section of James Hooper's collection of tribal art for £474,312 yesterday, making a total of £2,293,067.

The session was devoted to Oceanic art and went very well, with less than 1 per cent bought in. The top price was £190,000, plus the 11.5 per cent buyer's premium and VAT, by a private collector bidding on the telephone for an Austral Islands wooden drum, one of the few of its type known.

Other high prices were the £80,000 for a Marquesas Islands wood canoe ornament and £18,000 for an Austral Islands

wood flywhisk handle. An afternoon sale of tribal art totalled £302,580, with 28 per cent bought in. The highest price was £68,000 for a Fang wood male figure.

SALEROOM

BY ANTONY THORNCROFT

The relative weakness in demand for paintings in London was well illustrated at Sotheby's Belgravia auction of Victorian pictures, which totalled £279,490, with 36.6 per cent bought in.

Good Victorian paintings still find buyers, but the medium-range lots are hard to dispose of. Top price was £9,000 for *The Payside Inn* by Heywood Hardy, Glasgow, made £5,000, and *Outside the Village School*, by Henry Reddington, £5,500.

At Sotheby's, Bond Street, a pair of silver-mounted presentation flintlock holster pistols of 1790 far exceeded their estimate at £15,000. In the English enamel sale Winifred Williams paid £4,200 for an ornate and enamel wall clock made about 1765 by Windmills of London for export to China.

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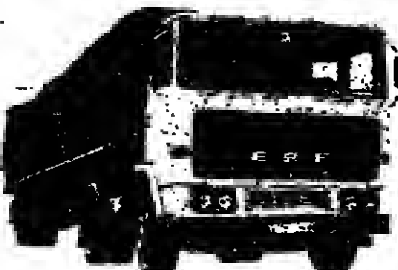
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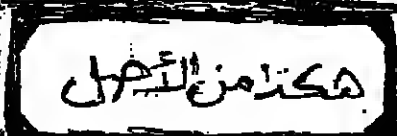
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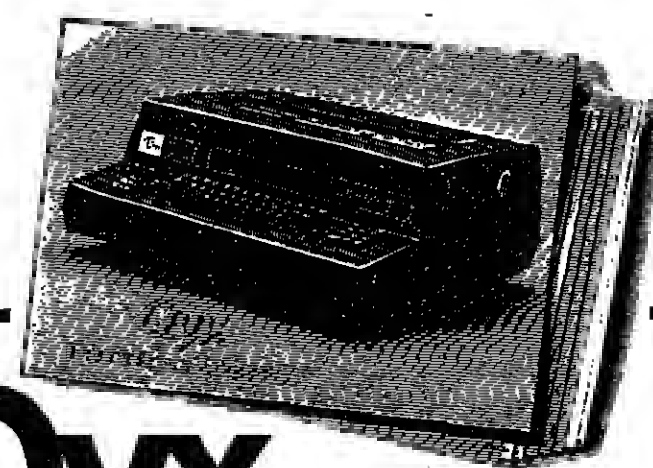
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FOG

UK NEWS - LABOUR

Union to put forward BL plan

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TRANSPORT UNION leaders within BL Cars pulled back yesterday from an open confrontation with the company over plans to shed more than 25,000 jobs.

More than 60 shop stewards and union officials met in Coventry to consider a report commissioned by the union from Eurofinance, the Paris-based management consultants.

The report warns that for BL Cars the period 1980-83 will be critical. Depending on their force, short-term shocks to BL Cars during 1980-83 could

trigger the collapse of the business, although more probable would be further sharp reductions in the fixed cost base, that is plant closures, investment cuts and manpower reductions.

Mr. Grenville Hawley, national automotive secretary for the Transport and General Workers' Union, said there was never any mention of industrial action or strikes. The men voted to set up a committee "to put flesh on the bones" of the Eurofinance report and recommend a positive alternative

strategy. It is hoped the work can be completed within a few weeks when support will be sought from the company for a joint approach to the Government for more finance to boost investment.

The low-key stance of the TGWU might be interpreted as vindication for the hard line taken by Sir Michael Edwards, the BL "chairman", who threatened to dismiss workers unless they accepted the 5 per cent pay package. However, the union remains

pledged to support any workers who resist closures. While there is certainly no move for militant action at the moment, TGWU leaders feel they need a positive alternative strategy.

The introduction of new works methods at Longbridge, Birmingham in preparation for the Mini Metro—due to be launched in October—is seen as one potential trouble spot. Union leaders also fear that unrest over wage levels might be more difficult to contain in the next pay round and could lead to disruption.

Talbot chairman gives warning on job hopes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

JOB PROSPECTS at Talbot UK will depend on a major review later this summer, Mr. George Turnbull, the chairman, said yesterday.

His warning is bound to influence talks on the annual pay round due to open in Coventry tomorrow.

Union leaders are expected to lodge a claim for a wage increase of well over 25 per cent. A similar demand last year resulted in a three-month strike at the two Coventry plants before workers returned with a 51 per cent increase.

Mr. Turnbull told motoring writers in London that much depended on the company's sales performance in August, the month when new registration numbers are introduced.

He also raised the possibility of short-time working at the company's Stoke engine plant, Coventry, which supplies components for assembly in Iran. Output in Iran had dropped recently, and it might be necessary to trim sales, he said.

Talbot had expected to sell 100,000 kits this year, worth more than £100m.

Mr. Turnbull said Talbot had raised productivity in the UK but needed to match the levels achieved in France by the parent company, Peugeot-Citroen. "If we can do so the

question of investment will be looked at more favourably by our French parent."

He still hoped the company would break even this year, and move into profit in 1981.

Union leaders have instructed Vauxhall workers to block Japanese motor imports. The ban is aimed at Vauxhall's marketing of the 1-ton Isuzu pickup truck.

Engineering and transport workers at the Luton and Dunstable plants and the Taddington spares depot have been told "not to handle any parts made in Japan, and not to load or unload any vehicle of Japanese manufacture."

Since April about 600 of the Japanese pickups have been

imported from Isuzu, which is partly owned by Vauxhall's parent company, General Motors.

Vauxhall claims it does not compete with any of its existing range, and the market is too small to make developing a new model worthwhile.

Union conveners are angry that Isuzu is insisting on making all the spares in Japan and also about the imbalance of the motor trade between the two nations. Mr. George Slesor, the engineering workers' convenor, said: "The effect of Japanese imports is traumatic. We are not talking specifically about Vauxhall, but jobs throughout Britain."

Jobs Bill will bring strife, says Murray

BY NICK GARNETT, LABOUR STAFF

SENIOR MANAGERS were warned yesterday by Mr. Len Murray, the TUC general secretary, that even the most "forward-looking" manufacturing companies would have little control over the way industrial relations would deteriorate as a result of forthcoming changes in employment law.

The Employment Bill, due to become law next month, had already soured the industrial relations climate, was making unions more defensive than positive, and included specific changes which exposed employers to far greater disruption, he said.

Mr. Murray, speaking at a one-day conference in London called by Accelerated Management Development, on employment laws, said that few companies had availed themselves of the legal machinery open to them against trade unions in the early 1970s. He believed that manufacturers would take the same view this time.

"Customers, suppliers and 'eccentrics' would use the law, so manufacturers would not be exempt from the consequences," he said.

The proposed changes in the law affecting secondary industrial action, were based illogically on the unusual circumstances of the winter of 1978, and were full of traps for both the unwary and the wary employer.

The TUC had its own codes of practice on picketing, said Mr. Murray, but one union general secretary involved in a recent dispute had told him that he was not prepared to abide by these because of the impending changes in the law. About 18 months ago this general secretary would have been much more responsive to the TUC guidelines.

Mr. Jim Lester, Junior Employment Minister, speaking at the same conference, said that the Employment Bill had been modified to take account of industrial realities and would be workable.

The new laws would lay down "ground rules" enabling managements and unions to get on with their jobs while the individual was protected.

The Employment Bill did not represent a fundamental change in industrial relations law, but would bring stability.

Print unity talks likely

FINANCIAL TIMES REPORTER

LEADERS of the 55,000-strong National Society of Operative Printers, Graphical and Media Personnel are expected to get a mandate today to go ahead with merger talks with the biggest union in the printing industry, the Society of Graphical and Allied Trades, which has nearly 200,000 members.

The mandate is sought by the union executive at Natsopa's biennial governing council meeting at Southport.

Natsopa officials have already gone a long way in amalgamation talks with SOGAT. A progress report on the negotiations will be presented today.

There are still several areas of disagreement. The Natsopa executive has waited for its governing council to express a view before going further with the proposals.

Mr. Bert Ball, Natsopa president, came out strongly in favour of amalgamation when the governing council meeting

started yesterday and said he doubted whether the union could continue much longer as a separate entity.

Recalling "the battle of the Times" in 1978-79 and "the challenge thrown down by the Daily Express" in the courts earlier this year, Mr. Ball said: "These attacks won't cease."

"All the indications are that many more will be launched, from the employers' front, from the Government and from new technology."

Bayerische Landesbank Update:

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Asien-Pazifik-Bank (50% holding): Business Volume aggregates DM 0.5 billion

Highlights from the Balance Sheet as at December 31st, 79

ASSETS	(in DM million)	LIABILITIES	(in DM million)
Cash	843.5	Due to banks	19,240.1
Bills	317.6	Other creditors	6,914.2
Due from banks	16,934.8	Outstanding debentures	30,355.6
Treasury bills and other securities	5,206.9	Loans on a trust basis at third-party risk	7,998.6
Due from customers	34,683.0	Provisions	344.7
Loans on a trust basis at third-party risk	7,998.6	Nominal capital	600.0
Trade investment	450.7	Declared reserves	1,254.0
Land and buildings	326.1	Profit	45.0
Other assets	1,193.3	Other liabilities	1,629.3
Assets of Landesbausparkasse	6,805.7	Liabilities of Landesbausparkasse	6,578.7
(Building and Loan Association)		(Building and Loan Association)	
TOTAL	74,960.2	TOTAL	74,960.2



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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• SURVEYING

Aids study of sea bed

INFORMATION in the form of sonar signals from both side-scan and sub bottom profiling equipment can be presented on a conventional TV monitor as a rolling map display of the sea bed under a development by Ulvertech of Barrow.

New details are presented at the top of the monitor screen as old information is removed from the bottom thus creating the rolling movement and the unit is self-contained with one console housing the display monitor and its associated electronics.

Operating on 115 to 240 volts AC, the display gives eight grey scales as standard with 16 optional and is video compatible so that recordings can be made on standard video

recorders. The analogue signal input from the sonar is variable to accommodate various signal levels, while the range of the display is variable from one second to ten milliseconds.

A freeze switch allows a viewer to fix a particular display without updating. Major advantages from the use of the equipment, Ulvertech says, are the ease with which survey teams can run "before and after" tests to provide a quick assessment of how sea bottom profiles have changed.

Ulvertech has already supplied a first system of this type to the Bath University School of Physics and is operating from 113 Duke Street, Barrow in Furness, Cumbria, 0229 28004.

• ELECTRONICS

Micro-compatible clock

THE SELF-contained design unit set up by National Semiconductor at Greenock, which has the specific task of building UK expertise and developing products for the European market, has announced the first of a series of MOS (metal oxide silicon) devices, a microprocessor-compatible clock circuit.

Using one of the company's CMOS technologies, the product can run for long periods from a small battery in the absence of a mains supply. Housed in a 16-pin dual in-line package, the

device, known as the MM58174, incorporates an oscillator running from a 32,768 kHz crystal, a programmable interrupt facility and a clock with a resolution of a few tenths of second. Leap years are accounted for by the use of an additional register.

Applications will be in point of sale and bank terminals, event recorders, controllers and similar equipment where "real" time is required.

More from 301 Harbur Centre, Horne Lane, Bedford (0234 47147).

Tough logic controller

NOT MUCH bigger than a shoebox, a programmable logic controller rather curiously called "The Gnome" made by Abbey Electronics of Macclesfield has been designed with a high level of reliability and is backed up with an unusual guarantee of five years against parts and labour.

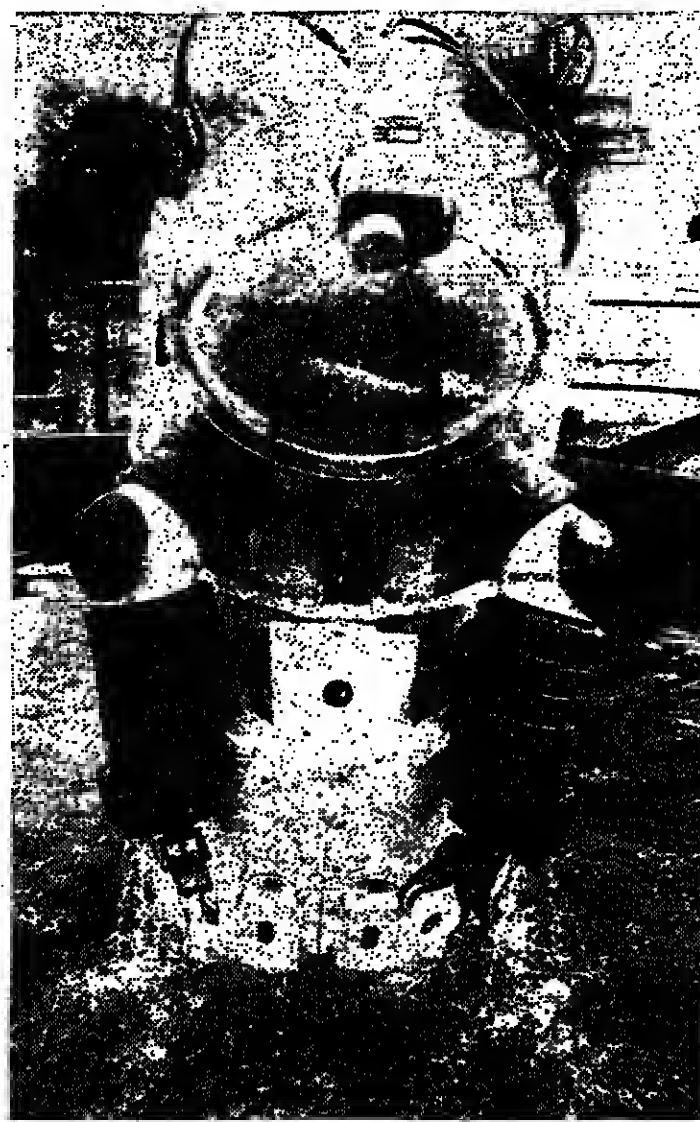
It consists basically of a number of vertically mounted printed boards for input, output, timing and logic control purposes, plus built-in power supply.

The logic unit is mounted on

one printed card and contains ultra-violet erasable memory able to store 1, 2 or 4k of instructions. Each instruction corresponds roughly to a contact in a relay ladder diagram or to one of the several powerful machine instructions. Scan time is five microseconds per instruction. Each of these units will address up to 256 inputs/outputs in any combination and 256 scratch pad memory locations.

More from Charter Way, Macclesfield, Cheshire (0625 29521).

This is a one-man undersea vehicle called the Spider (self-propelled inspection diver system) which is operated by Wharton Williams of Aberdeen. It recently completed its first commercial contract in the Argyll Field in the North Sea and is seen here being hoisted from a test tank. With a maximum operating depth of 610 metres, 'Spider' has hydraulically operated claws on fully articulated arms which the operator inside the vehicle uses to carry out the usual diver's tasks. Within the pressure hull, the operator breathes normal air, thus eliminating the often hazardous and costly decompression procedures associated with deep mixed gas diving. The handling system enables the unit to be deployed without the need for a specialised surface support vessel. In the case of the Argyll Field operation, the vehicle was mobilised aboard the conventional field supply vessel 'Stirling Ash'. The total system weight is under 25 tons.



• PROCESSING

Reduces scale in the tubes

EFFICIENCY OF the main manufacturing operation in the process industries very often depends on subsidiary processes working effectively. This has been found by the chemicals division of British Industrial Plastics, which has just installed an electrolytic device at its Oldbury works to prevent formation of hard water scale in a solvent recovery condenser.

The company is now able to count on higher output potential for its main synthetic resin manufacturing plant.

Simultaneously, maintenance costs have been cut and outlay on chemicals for water treatment has been reduced. Results of this experimental installation have been carefully monitored and evaluated by both the plant engineer and the works chemist. Methanol solvent is an essential element in BIP's resin process, and unless it can be recovered and stored at adequate rates there is a restrictive effect

on the main manufacturing process. However, the recovery plant cannot work efficiently when the heat exchange surfaces inside the condenser are fouled by hard water scale deposited by the cooling systems.

BIP's engineers have solved their problems by an apparently simple device which consists of a short length of pipe with a special alloy insert installed in the water feed line to the condenser.

This is called the Colloid-A-Tron and is leased to the company on the basis of an annual rental by Anglia Fluid Treatment, PO Box 34, Shipston-on-Stour, Warwick.

It causes pressure changes, turbulence and electrolytic action which together precipitate the dissolved scaling salts as fine colloidal particles; these do not sink but stay suspended in the water in an inert form so that they pass freely through

• COMMUNICATIONS

More use of radio links

BETTER utilisation of existing radio links is promised with a new type of modulator/demodulator which will allow low-speed teleprinter or data signals to be transmitted over HF radio links.

The equipment, known as a 6/12 tone Pincolo modem, is being developed under a £4m contract by Racal Communications for the Ministry of Defence for the use, initially, of the Foreign and Commonwealth Office, the army and other military units.

First-stage models have been delivered for evaluation and the equipment is expected to be in production by the end of the present financial year.

Coded LA1117, the unit is a shift-tone modulator which will give a low rate of errors even where signal to noise ratios are poor. Operation is

in either simplex or duplex mode at speeds of 50 or 75 bauds. The equipment will take a sequence of ten characters per second from a teleprinter or other source and turn it into a series of six tones spaced from 400 to 800 Hz at 20 Hz intervals, or it will produce 12 identically spaced tones from 400 to 800 Hz. At the receiving end, the tones are translated by a similar modem into the ten character per second data stream. This goes to the receiving teleprinter or other equipment.

Automatic synchronisation and built-in fault-finding are provided and transmitter powers can be kept low.

Racal Communications, Western Road, Bracknell, Berks RG12 1RQ.

• AIR CONDITIONING

Power demand reduced

FOLLOWING THE installation six months ago of an automatic solid state chiller control system, called Chilltrol, energy savings equating to 35.7 per cent have resulted at the new headquarters of Howden Management and Data Services in Billiter Street, London, EC3.

Over 2,000 installations of this system have been carried out in the past three years in the U.S. and Chilltrol will now be marketed throughout the UK (subsequently, the Continent) by Service First International, 48 Southwark Street, London, SE1 (01-403 1688).

These savings in electricity consumption are confirmed by consulting engineers, James H. Pull Associates who monitored the installation on a daily basis, and it is anticipated that Howden will achieve a pay-back period of capital cost in substantially less than two years, even allowing for inflation at 15 per cent and the estimated rise in electrical charges.

Air conditioning systems serving the City building are supplied with chilled water produced by a conventional central water chilling plant consisting of two centrifugal type machines.

Chilled water is distributed by a primary chilled water

pump set to serve the cooling coils in the air-handling plants of the various air conditioning systems.

A secondary chilled water pump set distributes chilled water at a higher temperature from the common return of the primary system to serve the induction units of the perimeter air conditioning systems and also a number of fan coil units.

Following its monitoring of the pilot installation in the City, the consulting engineers report that although the test period over which the recorded data was obtained here was of relatively short duration, the estimated input power saving obtained corresponds very closely with the savings calculated from a theoretical analysis of the system.

It is hoped that further tests can be carried out at other times of the year to enable the projected savings obtained by calculation to be verified by other chilling plant load conditions.

Supplier says that Chilltrol is suitable for virtually every application where centrifugal screw and absorption chillers are used.

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UK NEWS — PARLIAMENT and POLITICS

AUEW
elects
four
arms

Bassett, Labour Staff

OF the Amalgamation of Engineering yesterday said they accept the compromise Labour Party's dual reforms reached weekend by the party's national conference.

The executive of the AUEW, which wields a block vote at the party conference of almost 900,000, decided unanimously to support the present methods of drawing up the party manifesto and electing the party leader and to oppose the re-election of MPs.

The decision casts further doubt over the effectiveness of the commission's compromise as a means of settling the party's internal conflicts. The AUEW's vote at last year's conference in favour of mandatory re-election was a decisive factor in the decision reached then.

Mr. Terry Duffy, AUEW president, and a member of the commission, said after the executive had taken its decision: "It is just impossible for us to stand by the recommendation of the commission."

At last week-end's talks on the reforms, Mr. Duffy voted for an electoral college to elect the party leader, but only after a motion proposed by himself and Mr. Michael Foot, deputy party leader, to maintain the present system was heavily defeated.

Mr. Duffy said yesterday that in spite of his vote for an electoral college, he had told the commission that the AUEW's block vote would be cast for the present systems.

He said, too, that the union was considering the party's appeal for greater trade union contributions to its funds. The unions had no bottomless pit of money, and the party would have to make itself more efficient to justify it.

Missiles 'a sombre necessity'

BY PHILIP RAWSTORNE

THE FIRST of the 160 Cruise nuclear missiles to be deployed in Britain will be stationed at Greenham Common in Berkshire by the end of the 1983. Mr. Francis Pym, Defence Secretary, told the Commons yesterday.

Six flights, comprising 96 missiles, will be housed in purpose-built shelters at the U.S. Air Force standby base there.

The rest of the missiles will be deployed at RAF Molesworth, a disused airfield near Huntingdon.

The Government's decision—part of a £16m contribution to the modernisation of NATO's defence—roused protests from some Labour MPs, but was more widely accepted as "a sombre and sad necessity."

Mr. William Rodgers, Labour's Defence spokesman, said that the move was bound to cause anxieties.

He demanded — and was given — assurances that the Government would make every effort in the three years "breathing space" to resume

arms control negotiations with the Soviet Union.

Mr. Pym said that the Government remained fully committed to genuine arms negotiations. "Most certainly if there was a change of heart on the other side of the Iron Curtain, then we would talk," he said.

But he warned that the Warsaw Pact had four times as many land-based long range missiles as the NATO countries.

New Soviet SS20 missiles, which carried three warheads, were now coming into service at the rate of one a week.

"Arms control negotiations could be prejudiced by too great a gap between one side and the other," he said. Such a gap weakened NATO's negotiating position.

Mr. Pym also assured Mr. Rodgers and other MPs that no missiles would be fired except by a joint decision of the U.S. and British Governments.

Mr. Pym said that it would be necessary from time to time to practise the deployment of the launcher and its support

vehicles to dispersed sites away from the two bases.

Adequate road communications, access to training areas and dispersal areas had been prime factors in the choice of Greenham Common and Molesworth.

"No live missiles or warheads will be carried on exercises at any time and no missile testing will take place in this country," he said.

The missiles would be stored in purpose-built shelters under stringent safety standards, Mr. Pym told MPs. He was confident that there would be no risk of radioactive leakages or other accidents.

"The U.S. would be responsible for the security of the bases, but 220 British personnel would assist in the guard forces."

Tory MPs, Mr. Michael McNair-Wilson (Newbury) and Mr. John Major (Huntingdon) representing the constituencies where the missiles are to be deployed, supported the Government move.

But Labour Left-winger, Mr. Frank Ainsam, (Salford East) remarked that it did not matter where the missiles were based.

"In a time of tension they would be widely dispersed and the enemy would destroy the whole of Britain as a launching pad for these American missiles, if we were suicidal enough to oppose them," he declared.

"That is subject to debate," Mr. Pym retorted. Dismissing more Labour pleas for unilateral disarmament, he added: "I believe the very great majority of people in this country are very supportive of the defence efforts being made."

The NATO alliance had offered to withdraw 1,000 nuclear warheads when it decided on its modernisation programme, he said.

"That process has begun," But he reiterated that NATO had to maintain exceptional vigilance in a period of world instability.

The decision to modernise its nuclear missiles had been taken for the continuing security of the whole alliance, and Britain was determined to play its full part.

Laker
convinces
Nott over
air route

By Iver Owen

LOWER FARES held the key to generating sufficient traffic for four airlines to operate on an economic basis on the London to Hong Kong route, Mr. John Nott, the Trade Secretary, maintained in the Commons yesterday.

He denied that he had made a "political decision" in overruling the Civil Aviation Authority by permitting Laker Airways and the Hong Kong-based Cathay Pacific to compete with British Airways and British Caledonian.

Mr. Nott argued that he had acted in a "quasi-judicial" capacity in reaching a different view to the CAA and allowing the appeals made against its decision by Laker and Cathay Pacific.

He declared: "In particular, I was convinced by Sir Freddy Laker's contention that there is a large untapped market for this route if fares are pitched at the right level."

Mr. John Smith, Labour's Shadow Trade Secretary, described the Minister's decision as "extraordinary and surprising" and recalled that the CAA had made it clear that it believed that too many carriers on the London/Hong Kong route would have a damaging effect and result in the public not getting a proper service.

He stressed that in reaching a contrary decision Mr. Nott had acted on the same evidence as that considered by the CAA, and asserted that this must

be the case. No account was taken by the Bill of the events which had occurred since and which made it extremely doubtful that the NCB would be able to live within the targets set.

Mr. Owen protested that the financial targets laid down by the Government were negotiated with the NCB in August last year.

Mr. Nott insisted that he had acted in accordance with his statutory responsibilities, and had not taken a political or arbitrary decision.

"I quite accept that this decision is not going to please all the airline operators, but I believe it is going to please all the airline passengers," he said.

Tory backbenchers as well as Labour MPs expressed concern about the effect of the decision on British Caledonian.

Mr. Anthony Grant (C, Harrow Central) asked if the Minister was satisfied that with four operators on the route there would not be "cut-throat" competition leading to bad practices and financial failure.

Mr. Nott, who emphasised that he hoped British Caledonian would not withdraw from the route, pointed out that he was not making any judgment about the timing and frequency of services.

This was something for the operators themselves to decide, he added, that all four carriers should be able to operate profitably on this route, but in the end it will be the market which will decide.

He added: "As far as I am concerned we did not hear anything new."

However, he did say that, if the federations had been consulted far earlier, they might have taken a different view.

The sportsmen described the meetings as cordial and friendly. They came shortly

PM renews pledge
to keep down
public wage claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A RENEWED warning was given in the Commons yesterday by the Prime Minister that wage claims in the public sector must come down in the next round of bargaining.

Prime Minister's question time was again enlivened by a clash between Mrs. Thatcher and Mr. James Callaghan, the Opposition leader, over the economic situation.

Mr. Callaghan claimed that the Government was cutting the job opportunities programme for young people in spite of forecasts of even higher youth unemployment.

But the Prime Minister, cheered on by her backbenchers, denied the charge and said that Mr. Callaghan was simply advocating a recipe for printing money.

The question of public sector pay was raised by Mr. John Stokes (C, Halesowen and Stourbridge), who said that in considering increases for the heads of nationalised industries, the Government would need to pay market prices and should not be afraid of giving differentials.

"Don't pay attention to the egalitarian who want everyone paid the same amount," he urged.

The Prime Minister told him that she had received the report of the Top Salaries Review Body on the chairman of nationalised industries and other top jobs. But it had not yet been referred to the Cabinet.

"We cannot go on having the big public sector wage awards that we have had in the past, especially at a time when production is flat," she emphasised.

"The only way to pay for increased wages is through increased output," she said.

Mr. Callaghan (C, Hereford) argued that those employed in the Civil Service and public sector generally, should not be entitled to automatic compensation for every point increase in inflation.

Wages and salaries must bear some relation to what the country could afford, he suggested that Civil Servants who did not like this situation should join the private

sector, which was trying to create the wealth to support them.

Mrs. Thatcher agreed that the standard of living of those in the public sector was dependent on the output of the marketing sector.

"There is no way of getting away from that," she insisted. "At a time when there is a little increased output, you will have to consider future claims very carefully if you are to get pay claims down in the country."

Mr. Callaghan said that the Manpower Services Commission predicted the number of unemployed school leavers would double within 18 months. He said that the Government was not adequately preparing for at least half of those leaving school.

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John Nott: no political decision

Carrington 'failure'
in anti-Games bid

BY DAVID TONGE

A MAJOR effort by Lord Carrington, the Foreign Secretary, to discourage British sportsmen from taking part in next month's Moscow Olympics appeared last night to have failed.

"I quite accept that this decision is not going to please all the airline operators, but I believe it is going to please all the airline passengers," he said.

Tory backbenchers as well as Labour MPs expressed concern about the effect of the decision on British Caledonian.

Mr. Anthony Grant (C, Harrow Central) asked if the Minister was satisfied that with four operators on the route there would not be "cut-throat" competition leading to bad practices and financial failure.

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He added: "As far as I am concerned we did not hear anything new."

However, he did say that, if the federations had been consulted far earlier, they might have taken a different view.

The sportsmen described the meetings as cordial and friendly. They came shortly

after the Foreign Office had underlined to would-be visitors to Moscow the problems they could face by calling in Mr. Nikolai Lukov, the Soviet Ambassador, to protest at the harassment of about 10 British citizens between November 14 last year and May 2 this year.

The mood of most of the heads of the dozen sporting federations who had listened to him was determined.

"Everyone said how much they resented competitors being harassed by the press and others," commented Mrs. Ellen Gray, president of the British Cycling Federation.

Mr. Norman Sarsfield, head of the swimming federation, commented: "We realised we were front-line troops in the Government's exercise but now we realise we are only part of Government pressure."

But the more general comment was that Lord Carrington had failed to convince his visitors that other serious measures had been taken by the Government against the Soviet Union.

"Athletes' attitudes have hardened in favour of going to Moscow," one official said.

Mr. Denis Giuseppe, head of the National Smallbore Rifle Association, said that the federation would be meeting later this week to consider whether to stand by its original decision to boycott the Olympics.

He also rejected suggestions that an annual report should be published on the system because of the "unique nature" of the committee's work.

Rear Admiral Ash told the MPs that during his six months as secretary of the committee he had received 30 inquiries from editors for guidance about what could be published.

The questions covered the transport of nuclear material, factories making weapons and Government plans for civil defence.

One development which the Rear Admiral accepted might be desirable would be the use of more extensive introduction to each D-Notice as background guidance for editors.

Last week Sir Frank Cooper, Permanent Under-Secretary of the Ministry of Defence, accepted the need for a review of the system.

MPs seek
to save
Consett

By Alan Pike

A GROUP of Labour MPs is seeking a meeting with Mr. Ian MacGregor, who becomes chairman of the British Steel Corporation next month, to urge him to reconsider the proposed closure of the Consett works, County Durham.

Almost 50 members yesterday signed a Commons motion describing the proposed closure of Consett as a "betrayal."

BSC announced last week that the plant is to close by the end of September, with the loss of 3,700 jobs in what is already an area of high unemployment.

Mr. David Watkins, Labour MP for Consett, said that the closure would be catastrophic for the area.

"This decision cannot be accepted without a fight," BSC had so far produced "only the most specious of arguments" for closure and nothing definite should be decided until the new chairman took over.

The board of Lomho, which owns the private steel company Hadfield's, is expected to consider on Friday whether to offer BSC a partnership arrangement which it has been suggested might recreate 2,000 jobs at the corporation's Shotton plant in North Wales. About 7,000 jobs are to go with the ending of steelmaking there.

The committee is examining the system for the first time. At the moment, D-Notices, which are issued to advise editors and broadcasters of national defence subjects, cover 12 subjects, but the notices are not published.

Rear Admiral Ash, answering MPs' questions, said that

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEM
BY OUR LEGAL STAFFRebuilding
clause

I have been established for 42 years at my business in London. Approximately 15 years ago I extended next door and took over six offices above me. In my original lease, which is now expiring, there was no six-month rebuilding or refurbishment clause, which the landlords are insisting on inserting in the new lease. In the premises next door and the offices which were assigned to me there is a six-month rebuilding clause when I took them over. Now all the leases are up for renewal, and I am resisting the landlords' demands for a six-month rebuilding clause being inserted in the lease of my original premises, as there was not one when I went into the premises 42 years ago. The landlords intend putting forward the case of Adams v. Green if the matter goes to court. How, please, do you see the position?

Adams v. Green is indeed an authority which would help the landlords in their argument; indeed the full transcript of the judgments in the Court of Appeal is even more helpful to them than the judgment reported in the Estates Gazette. However, there is a judgment now awaited in the Court of Appeal in the case of O'May v. C.R.P. which is likely to have a strong bearing on the position, and we think that your position cannot be fully assessed until that judgment is delivered in the Court of Appeal. If you do allow, or have to accept, the rebuilding break clause, your new rent should be lower. In any event, you can probably resist the "refurbishment" element. You must ensure that you make your application to the court for your new lease within the statutory limit of four months from service on you of the Section 25 notice to terminate your existing tenancy in any event; unless you have concluded a contract for a new lease with your landlord.

No legal responsibility can be accepted by the Financial Times for the answers given to these columns. All inquiries will be answered by post as soon as possible.

Leyland gears up for a commercial gamble

Ray Perman examines Leyland Vehicles' plan for the transformation of its two Scottish plants

LEYLAND VEHICLES is about to make a huge calculated gamble to secure the future of its two Scottish plants. The stakes are high—£175m to be invested over the next few years, more than half the total being spent by the company on its whole recovery plan covering 14 plants. And the risks are prodigious.

In essence the plan proposes a complete transformation of Albion Motors, Glasgow, one of the oldest and most respected names in commercial vehicles. From early next year the plant would end its 60-year history of lorry building to become instead the gearbox and back axle centre for the whole of BL's commercial vehicles arm.

The successful range of medium weight trucks Albion now produces, the Clydesdale, Reiver and Chieftain, would be assembled at Bathgate, West Lothian, a plant that until recently was notorious for its poor production record.

Ironically, this year at about the same time that Leyland is likely to reintroduce the "Albion" name badge to the front of its trucks.

Ian McKinnon, general manager of the medium/light division which the two plants comprise, acknowledges that the proposals are drastic, but argues that they are essential if Leyland is to keep up with its competitors, particularly from Europe, and if Albion and Bathgate are to survive.

But the risks are there. Leyland is gambling that the pride in achievement, which is one of Albion's greatest assets, can be carried over from completed trucks to components. It is gambling that the recent big improvement in Bathgate's industrial relations and productivity can be sustained. And—the biggest gamble of all—that the present slump in the commercial vehicles markets will prove temporary so that Scotland can produce and sell the increased numbers of vehicles necessary to pay back the very large investments now being started.

Already, before the plan has really begun to be put into effect, a fall in demand has forced 750 redundancies and the closure of the division headquarters in Edinburgh, opened only two years ago. McKinnon counts the fear of what the

markets might do as his highest worry. Leyland expects the UK demand for commercial vehicles to fall by 13 per cent this year and the strong pound has hit export competitiveness, essential in an operation which sells half its output abroad.

Albion and Bathgate are two very different plants, brought together by the Leyland merger with the British Motor Corporation.

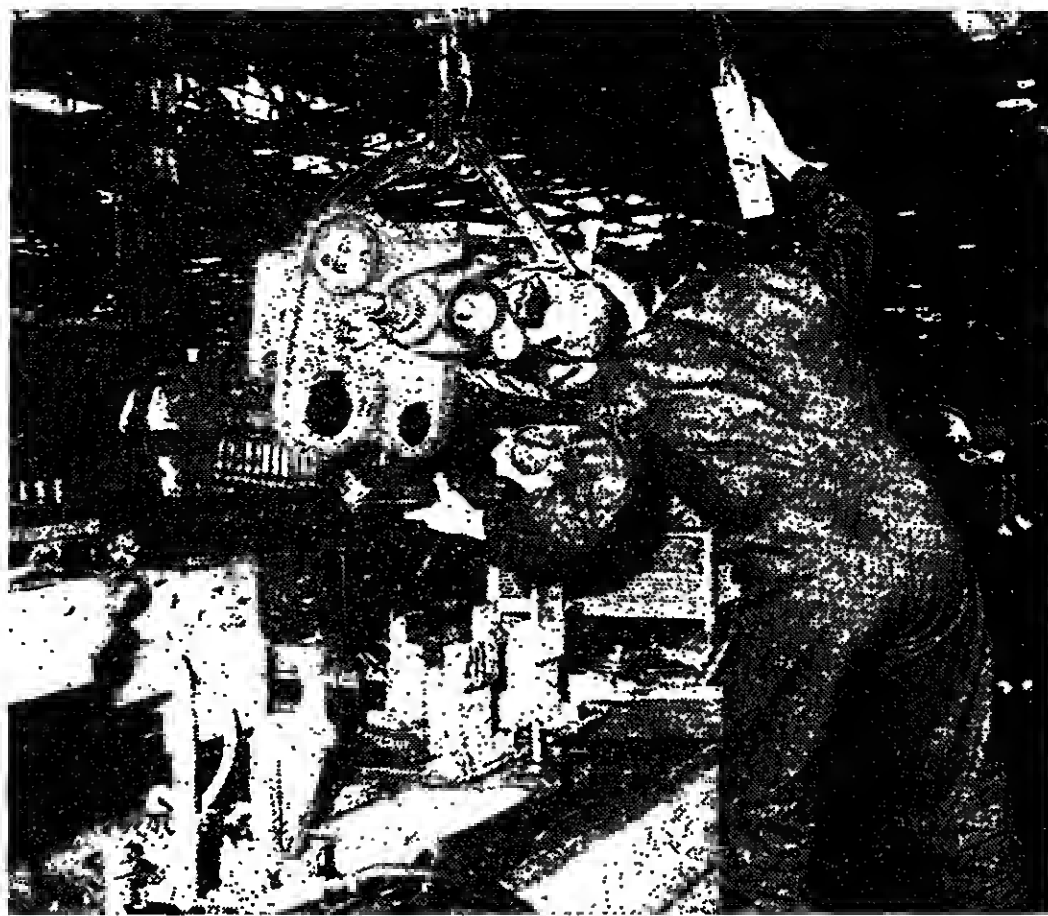
The Glasgow factory, at Scotstoun on the Clyde, began building cars in 1899 and made its first truck during the first world war. Despite its cramped site and old buildings it is one of the most efficient plants in Leyland Vehicles and has an industrial relations record that is second to none. "We do have strikes," says Roy Dale, the plant director, smiling wryly, "the last one was 30 years ago."

The total of days lost through disputes in 1979 was zero, while productivity increased by 10 per cent (and has risen again by the same amount in the first half of 1980). The working tradition at Albion, handed on literally from father to son, has ensured an attitude towards quality and reliability that was enshrined in the motto under the sunrise badge that used to grace Albion lorries: "as sure as the sun rises."

Why tinker with a plant that runs so smoothly? Dale's answer is that while Albion's record may be exceptional in the UK, it is not when compared with Continental or Japanese manufacturers. It must continue to increase productivity and that means increasing volumes. It does not have the space or the facilities to assemble more chassis; therefore it must switch to products which it can make efficiently.

Removing assembly from Albion will also mean cost savings, by cutting down the present criss-crossing of components between plants.

Negotiations with trade unions are to start shortly and Dale shows a surprising confidence that he will win agreement. The proposal to transfer lorry building from Albion to Bathgate was first put forward in 1977, when Leyland had plans to develop its own synchromesh gearbox. The unions fought the transfer with a public campaign before finally



Engine assembly at Bathgate, where shop stewards have pledged themselves to stamp out wildcat strikes

conceding. But the idea was shelved when Leyland abandoned its gearbox programme, only to be revived now following the licensing agreement with the West German group ZF. Dale believes he will again win backing from the shop stewards, even though it is bound to mean redundancies among fitters now working on chassis assembly.

"I believe that if you put the facts logically and truthfully to people, they will receive them logically. Retaining chassis assembly at Albion means hanging on to a dying product and over the next five or six years it is anybody's guess how much demand there will be for it. If we wait that long Leyland will have found somewhere else to make their axles and gearboxes."

The Albion works committee, however, has yet to be convinced. The stewards do not

regard the 1977 agreement as settling the matter and want to see it negotiated again. This time the emotional aspect—the continuation of the plant's association with truck building—is less important than a straight headcount of how many jobs will be left at the end of the day.

The ZF gearbox, which can be made with half the labour needed for the 40-year-old constant mesh box at present made at Albion, is seen as a threat rather than a saviour.

But Albion, even with union consent, is only half the equation. Bathgate is a very different plant with a very different history.

Unlike Albion, its traditions are short. It was set up in the early 1960s by the British Motor Corporation, which would have preferred to have gone to the Midlands if the Government had not stood in its way. It was

laid out more like a car plant than a truck factory, with an assembly line designed for relatively quick production of light vans and lorries. In an area of high unemployment, it drew its workforce from former shale oil or coal miners who adapted only slowly to the pressures of modern manufacturing.

To succeed properly, Bathgate needed continuous production, but for much of its short life it has not been able to achieve it. Old habits have died hard. After four days at the coal face or in the shale pit, a man felt entitled to take a day off and it took a long time to persuade him that he could not do the same thing in a motor factory.

Not only was Bathgate built like a car factory, but it developed the industrial relations of one. By the late 1970s there were literally dozens of small groups of workers in the plant on different grades competing

with each other for wage rates. Unofficial walkouts became commonplace, culminating in 1978 in a seven-week strike of machinists that even their shop stewards were unable to justify. It looked at the time to be a disaster, but it has proved since to have been a turning point. Something clearly had to be done.

In the last 18 months a team of management consultants has been unravelling the tangle of wage rates and grades, reducing 28 grades to seven. An appeals committee, comprised of 15 shop stewards and four management representatives, has dealt with each individual grievance and the senior stewards have pledged themselves to stamp out wildcat strikes. It is too soon to call Bathgate a dispute-free plant, but the improvement in the working atmosphere is considerable.

McKinnon is convinced that Bathgate is set for its calmest period for years.

Management too has had its failings—failing to give the shop-floor a straightforward product to build, or the right materials and equipment to build it. While the unions have been trying to tidy up the industrial relations structure of the plant, management has been trying to solve its problems. More than £2.5m has been spent raising quality, so that in 1979 quality and delivery were improved sufficiently for 200 distributors to say that they had noticed the difference.

Tony Jordan, plant director at Bathgate, has been encouraging visits by customers, to try to foster some mutual respect and understanding between the buyer and the shop floor.

Part of the £125m being spent at Bathgate will go towards making the factory less oppressive to work in. No-one is really sure whether the 13 block machine room is the biggest in Europe or merely one of the biggest, but it is massive. With each of its 2,000 machines painted a uniform drab green and the sunlight reaching the shop floor only after forcing its way through power cables, festooned from the gantries like creeper, you can see why it is known as "the jungle." All that is to be changed.

Some £750,000 is being spent just re-organising the plant, so that each stage in the assembly process will follow on logically from the last rather than having half completed components shuttling back and forth between blocks. And there will be new machines and equipment—much of it computer-controlled.

McKinnon and Jordan place great emphasis on building up pride in the plant, which until recently had very little to be proud of. They have been stressing its recent achievements rather than its ancient history and believe they can see the result in improved morale. The enormous amount of good publicity from the launch of Leyland's Lancashire-built T45 roadtrain—a range of heavy lorries that has nothing to do with medium/light division—generated noticeable enthusiasm at Bathgate.

McKinnon is looking for a bigger boost from the big publicity campaign planned for the autumn to push the "G" cab range made at Bathgate and Albion. It will be the first occasion for the plants to judge the effectiveness of Leyland Vehicles' new centralised marketing team headed by Frank Andrews, himself a former head of medium/light division. "We would be silly to say that we have stopped our manufacturing problems altogether, but we are definitely in a position now where we can stop looking inwards all the time and look outwards to make more and sell more," says McKinnon.

Looking outwards means carrying through the transfer of chassis assembly from Albion and the introduction of new models. The first, the T68, a bonneted truck intended for export markets, will come at the end of this year. A new light truck/panel van is planned to replace the present EA model, a basic box on wheels much used by the Post Office, and the FG, the delivery van much loved by bread manufacturers.

Further into the future are the new trucks that will be derived from the T45. Most of the planned investment will pay for the introduction of these new models, on which the future of Bathgate—and indirectly of Albion since it will be supplying their axles and gearboxes—ultimately depends. To pay back the cost they will have to be made and sold in greatly increased numbers. That is the gamble Leyland is making, and the one it believes it can win.

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Making justice more visible

BY RAYMOND HUGHES

THE NEWS that the Lord Chancellor's Department is actively considering a proposal that would result in fewer High Court cases being heard in private is welcome. Anything that leads to more open justice can only be of benefit, not only because it will add substance to the axiom that justice should be seen to be done, but also because it will be an indication that those responsible for the administration of the courts are sensitive to the need for more openness in society as a whole.

Scrutiny

We may not have a Freedom of Information Act; D Notices and recent court rulings may still make it possible for government departments and nationalised industries to conduct their affairs largely free from impertinent press scrutiny, but at least it seems that in future we can hope to see the courts more properly and adequately informed about most of the more significant court cases, many of which are of genuine public interest.

The proposal is that applications in the Queen's Bench Division for temporary injunctions pending full trial of an action would be heard in public when both sides to the dispute are present.

Under the existing procedure the Press is obliged to lobby the parties after the event, hoping that one—or preferably both—will be prepared to talk. As it is not uncommon for one side to be more forthcoming than the other, it is difficult for newspapers to publish fair and balanced reports. Such a problem need not arise if the Press can hear the evidence and arguments for itself.

There are, however, indications that a desire for consistency, uniformity, symmetry—call it what you will—is tempting the court administrators to take away with one hand while giving with the other. The area of concern is that of ex parte applications, in which one party to a dispute can get on emergency orders for a very limited period, in the absence, and without the knowledge, of its opponent.

The proposal is that such Queen's Bench ex parte orders continue to be dealt with in private. As if that were not bad enough, it appears that there is

a feeling, not only in the Lord Chancellor's Department, but also among some of those urging reforms, that in the interests of consistency, uniformity, etc., ex parte orders in the Chancery Division, which have always been heard in public, should be concealed behind "Court in Chambers" notices.

The reason given for not opening up Queen's Bench ex parte orders to Press and public is that to do so would be to give an unfair propaganda advantage to the applicant at a time when his opponent might not even know that legal action had been begun.

Such a nice concern for the wellbeing of defendants does not seem to have operated in the minds of those who have chosen to keep Chancery ex parte orders open since time immemorial; nor, it should be said, is there any evidence that defendants in Chancery have lost or those in Queen's Bench gained from the contradictory procedures.

Quite apart from that the reason does not bear close examination when seen in the context of the litigation as a whole and the way in which cases are reported. As soon as a case becomes inter-partes, which is likely to be within a few days of an ex parte application, when it comes on for the full trial of the action, and when it goes to appeal, it will be in open court.

Aesthetic

At the first two of these staples of the plaintiff gets the initial advantage, if advantages there be, of publicity: his counsel opens the facts of the case, more or less non-contentiously and more or less aware of the presence of the Press; his evidence and legal submissions come before those of his opponent. It may be days before the defendant's case is aired.

It is to be hoped that these considerations, rather than those of consistency, uniformity and symmetry, will prevail when the final decision is made on this aspect of court reform. It would be a pity if the Lord Chancellor's Department were to lose some of the credit it will gain from a decision to open up some courts by closing others, for reasons that are more aesthetic than practical or realistic.

EVERYBODY KNOWS the big border plants of high summer. Lupins and the rest, and there is no point in telling you that you ought to be growing roses. This year, I am on the lookout for smaller plants of distinction with which to match these old favourites, a frame of more quality for a picture which in places can be predictable.

Violas have long been one of my favourites, above all the amazing white and violet-leaved forms of the horned viola called cornuta. This easy plant lights up my whole garden and dominates the roses. Buy one if you can and you will soon be able to split it into a 100. I prefer the clear white form, the most remarkable value in any plant I know. It flowers from June till September.

Meanwhile, my attention is being drawn to the family of thymes. These are the great soft sell among plants. Everybody believes that they are delicious, good for the food and worth smelling. Personally, I only catch the scent when I tread on a plant as the leaves have to be bruised to be aromatic. Scented gardens in novels beguile their readers with banks of thyme as lawns and walks, but the smell would never hit you if you walked into their imaginary world, expecting

to meet the late H. E. Bates and his supporting cast on a hot June afternoon. The charms of thyme, at first sight, are the flowers and the colours of the leaves. During the past decade, some good thymes have crept on to the market and have not yet received fair due. They would be superb in the warmer garden of any Continental reader who happens to like this column and flowers. I will begin with two mystery hybrids, whose leaf and colour of flower are the match for any variety. Nobody seems to understand why. They are the wrong side of the beehive. Nurseries must force them on to the chaise longue.

Donne Valley is a small thyme but has leaves of the most brilliant colour all the year round. They are more golden yellow than green, so bright that they stand out on any slope or among neighbours as well flowered as hardy plants. Each bush is about 6 inches high but spreads widely. They are first class foliage plants, but the flowers are also pretty. I've never seen a colour frosty day reddish buds in a style which does not quarrel with the golden leaf. I have lost it in one site, while growing it happily in another for five years. Before explaining why, I will alert you to a plant which could be called Thyme Parlock.

Thyme Parlock is an equally uncertain hybrid and cannot boast such a brilliant leaf. It is taller, some 9 inches high, and is a pleasant deep green when not in flower. The leaf is an excellent spiciness for cooking or near my heavier patches of soil, I lose it in the winter. Frost is certainly not the enemy though some books scare you with talk of it. Higher up, on more gravel than earth, the same plant thrives with the Parlock variety beside it. Winter wet is lethal to it, so try

a path or between paving stones where the food is limited. As soon as I put Donne next to a Valley low down on a bank of near my heavier patches of soil, I lose it in the winter. Frost is certainly not the enemy though some books scare you with talk of it. Higher up, on more gravel than earth, the same plant thrives with the Parlock variety beside it. Winter wet is lethal to it, so try

few of you grow it. It spreads easily for Christmas presents. The case of these thymes was understood long ago by the herbalists who thought that the family cured anything from whooping cough to gamblers' fever. Sickliness all took thyme, they used to say, and they also believed the plant was a sympathetic pair to common lavender, thriving best near to it. The sympathy, of course, amounts only to the two plants' common taste for a very sharply deacid soil where they would never suffer from heavy ground in a wet winter. Neither thyme nor lavender likes a rich soil.

Thyme is at its best beside a path or between paving stones where the food is limited. As soon as I put Donne next to a Valley low down on a bank of near my heavier patches of soil, I lose it in the winter. Frost is certainly not the enemy though some books scare you with talk of it. Higher up, on more gravel than earth, the same plant thrives with the Parlock variety beside it. Winter wet is lethal to it, so try

GARDENS TODAY

BY ROBIN LANE FOX

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Cairn Rouge for Coronation

CAIRN ROUGE, one of 28 Irish-trained runners in action at Royal Ascot, has proved to be a winner in the Coronation Stakes that there was no fluke about her 1,000 Guineas success at the Curragh.

Tony Murray could hardly have had on easier ride in the £50,000 Guineas Event. Cairn

French Oaks winner, Mrs. Penny. Described as the easiest classic winner in the history of the Curragh, Cairn Rouge could certainly have won by a wider margin had it been desired. Bearing that in mind, it will come as a disappointment if the Pteahay who is hired to act well a yielding ground cannot account for her opposition.

I expect to see her followed in by Our Home.

Michael Stoute, who so nearly achieved his first 1,000 Guineas success in Britain with Our Home, could have better luck with Hard Fought in the Jersey Stakes. This tough Hobbit colt, who is sure to appreciate further rain according to his trainer, ran a number of good races last season and returned to winning form recently after not getting the easiest of passages when third in a

branched finish to York's Norwest Holst Trophy. Represented in the Queen Mary Stakes for two-year-old fillies and it will be fascinating to see how the John Follows-trained Ancient Regime, a daughter of the brilliantly fast Caterina, fares against the home-trained runners.

In a wide open race for the Royal Hunt Cup I shall be pinning my hopes on Smartest, George Ward's Martinus colt, the winner of the 1979 William Hill Cambridgehire, ran a fine race when placed in the Hunt Cup last year and is another for whom the rain will present no problems.

ROYAL ASCOT
2.30—Hard Fought**
3.05—Smartest**
3.45—Smartest**
4.20—Cairn Rouge
4.55—Tondra
5.30—Tolstoy*

RACING

BY DOMINIC WIGAN

Rouge cruised into the lead of the Curragh approaching the distance and needed just one-half-hearted sloop down the shoulder from Murray, former stobbe jockey to Ryan Price and Charles Millbank, to produce a telling burst of speed which carried her ahead of Millingdale Lillie and the subsequent

plins FT Index. 1.30 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 Fantasy Island. 3.45 Square One. 4.15 The Walt Disney Classic. 4.25 European Football Championship: England v Spain. 6.45 News. 7.00 Thames News. 7.30 Coronation Street. 8.00 "The Last Warrior," starring Anthony Quinn and Shelley Long. 10.00 Party Political Broadcast by the Conservative Party. 10.35 Shelley. 11.05 European Football Championship. 11.30 Barney Miller. 12.20 am Close: Personal choice with Ivor Mills.

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 2.45 Charlie and Julie. 7.00 Day by Day. 7.00 News. 7.15 News. 7.30 News. 7.45 News. 8.00 News. 8.15 News. 8.30 News. 8.45 News. 9.00 News. 9.15 News. 9.30 News. 9.45 News. 10.00 News. 10.15 News. 10.30 News. 10.45 News. 11.00 News. 11.15 News. 11.30 News. 11.45 News. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 5.00 News. 5.15 News. 5.30 News. 5.45 News. 6.00 News. 6.15 News. 6.30 News. 6.45 News. 7.00 News. 7.15 News. 7.30 News. 7.45 News. 8.00 News. 8.15 News. 8.30 News. 8.45 News. 9.00 News. 9.15 News. 9.30 News. 9.45 News. 10.00 News. 10.15 News. 10.30 News. 10.45 News. 11.00 News. 11.15 News. 11.30 News. 11.45 News. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 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THE ARTS

Television

Those were the days by CHRIS DUNKLEY

One of the main dangers for anyone concerned regularly of medium as a prolific one might say is the tendency to concentrate more and more on the new, the newsworthy and the bad at the expense of the well established, the trustworthy, and the good. The difficulty is, of course, just one aspect of the problem which is familiar throughout all the communications mass media: that those events which interest all most as readers and viewers are the unusual rather than the usual and more often than not that means bad news rather than good.

Any news programme (or newspaper) which habitually reported safe landings at Heathrow, international borders where hostility wasn't occurring, and houses from which nothing had been stolen would rapidly go out of business. If Ann Ford were to promise "Next, Scotland's

crime figures—they're average against news of an African state which has adequate rainfall, and after today's normal weather a report about a London pavement which is so cool it won't fry an egg" very few of us would stay with her until after the break. However depressing the catalogue becomes it is the air crashes, the border wars, the discomfort and the disasters which go on creating interest.

So too with television's own newsworthiness. After watching scores of programmes in the past week those sticking most stubbornly in the mind are the oddities and the fops—*Quarterly* on BBC2 for instance, a bizarre little effort which looked like an impromptu concert party got up to amuse the passengers on the Mauretania on a damp afternoon. Alan Bennett, Russell Harty, Penelope Keith and Elaine Stritch raided the

twenties but the twenties resisted their best efforts.

ITV's *Meet Janet Brown* also lurks in the memory. It proved that Janet Brown is like so many other impressionists in having a single party piece (in her case Margaret Thatcher) which is so much better than all her other imitations that it might be advisable to stick to it, sell it dear, and forget the rest. Her Princess Anne, her Annie Walker and her Barbara Castle would have kept us guessing for ever but for the instantly recognisable clothes and accessories.

The memory of the last *Levin Interview* on BBC2 also lingers on. "As you awaken out of dualism you realise it was a dream... you work on yourself and you become an environment... I'm in the business that Christ was in... dying is a hype... me as a social scientist is appalled" said interviewee Ram Dass, to which Levin's reply ought to have been "Is you just?"

Dass (otherwise known as Richard Alpert) gave the week's most breathtaking performance of line-shooting. The other programmes in the series involving Sir Michael Tippett, Friedrich Hayek, Arthur Rubinstein and so on were safely landed aeroplanes; Dass represented the mid-air disaster and is thus sadly more noteworthy.

The sobering fact is that much of the material which gave me particular pleasure last week was either old, sometimes very old, or imported from America, and in several cases both. What a more I had to stay up till the early hours of the morning to see most of it.

For instance *The Outer Limits* on BBC2 started 20 minutes after midnight on Friday and finished at 1.15 am—and it was not even one of the best episodes in these old black and white science fiction series. They were all made in America in the early sixties when monsters were mandatory in s.f. programmes, so every episode contains a weird Thing, usually from outer space though sometimes from the past. Each programme opens with a delightfully portentous announcement about your television set is being taken over, and closes with its control being "handed back" to you.

Childish stuff, of course. Yet many of the episodes have a narrative vigour, a moral conundrum in the plot, and an interesting if not very lifelike

complexity in the characters which is generally absent not only from today's American imports but from our domestic products too. Better still, no matter how dated the then futuristic hardware may look today in the light of intervening developments, every episode of *The Outer Limits* is marked unmistakably by an understanding and sympathy for the medium of television which is dreadfully rare—and, I sometimes feel, even more rare today than it was in the sixties. This week's episode, "I Robot" (which is an Asimov title though he gets no credit) starts at 12.30 am and runs till 1.25 am.

42nd Street which is even older ended later still at 1.35 am but every minute was worth staying up for. Muscular Ruby Keeler may not be everybody's idea of a glamorous star (in fact the script, giving birth to one of Hollywood's all-time great clichés, makes her novice status very plain: "You're going out there a youngster, but you've got to come back a star!") yet beautiful Bebe Daniels is, surely, exactly that.

I suspect that the large number of American musicals which have been jacked on to this year's "Dance Month" on BBC2 represent an attempt to add importance to the event by that other criterion of newsworthiness—sheer size, yet I suppose I can hardly complain. Last time I castigated the BBC for parading a narrow body of work taken exclusively from Western classical ballet dressed up in a title as voluminously broad as "Dance Month." Any broadening of content is welcome.

Moreover "Dance Month" did provide one of my most enjoyable programmes of the week: the third of the Scottish ballet's *Three Dances to Japanese Music* was in its stage form unusual in exploiting oriental music and costumes, and pleasingly out of the ordinary in being overtly erotic. Better still, though, it had been directed (by James Hunter? Difficult to be sure) both with an awareness of the work of people such as Busby Berkeley in *42nd Street* and with the deliberate intention of exploiting the potential of the electronic camera—we saw a couple of mixes, for example, and that made it virtually unique in Dance Month.

The other two British programmes featuring on my list are ATV's *Turtie's Progress* and BBC2's *Innes' Book of*

Records, neither of which has much news value any more, but both of which are indulgently enjoyable. It must be admitted that *Turtie* is woefully limited by the precept governing every story—that it must emerge from yet another of the stolen deposit boxes—yet the value of the series remains almost unaffected since it is invested in the character and language.

Nor does the *Innes' Book of Records*, but the single most important trait making this series so likeable is that the widely talented Innes—singer, mime, instrumentalist, mimic, nutcase—appears to have such affection for all the people and all the styles from which he constructs his pastiches. Indeed it is sometimes hard to know whether a parody or a tribute is intended, and not at all clear whether Innes himself is sure. During last week's "Keep On Rockin'" for example Innes in full drape with the girls doing hand jive was clearly having just as good a time as he was in the Joel Grey persona he used while singin' in the style of Charles Aznavour to accompany his own Charlie Chaplin take-off.

Least newsworthy of all the week's enjoyable programmes were three more familiar American imports: Lou Grant which sustains a standard of script and acting that cannot be found in any other current American drama broadcast in Britain, and in precious few British ones (yet still it goes out at 11.30, assuming it goes out at all); *Sergeant Bilko* which proves more impressive with every repeat, not least because lesser mortals continue, understandably enough, to copy the superb television comedy technique perfected by Phil Silvers 25 years ago which remains tear-streamingly funny to this day (and still it goes out at 11.45); and *Soap*.

The real strength of *Soap* is that below its superficial obsession with miscegenation, homosexuality, murder, insanity, adultery and so on it is deeply sentimental. Its roots held solid by the traditional American faith in the matriarchal family.

The current season's run of *Soap* has just ended, but those of us lucky enough to live in London are to be provided from this coming Friday with *Mary Hartman, Mary Hartman* instead—a Norman Lear series which antedates *Soap*. Now that's news.



Peter Hofmann and Yvonne Minton

Leonard Burt

Covent Garden

Parsifal by DAVID MURRAY

The Royal Opera production of Wagner's *Parsifal* by Terry Hands was roundly abused last year. On Monday it reappeared subdued, but only because the usual "industrial disagreement" had led to lost rehearsals, and thence to a simplified staging. The *Parsifal*—Peter Hofmann again: Sir Georg Solti and all the principals are back—was allowed to wear a form of trousers throughout, thus avoiding one of the irrelevant excitements of the original first night. Deplorably, the kooch-girls in Act 2 remain, rattling their heads among the Flower Maidens. There is no evidence that Hands has brought his skills from the straight theatre to bear upon the acting—Kurt Moll's Gurnemanz is so imposing and complete a performance that it must be all his own work, and his colleagues offer mild, honest sketches.

Hofmann is restored to good voice (scarcely ringing, though intelligently used: he never sounds like someone who would sing for pleasure in his spare time). The price of cutting such a pretty plausible figure in Act 1 seems to be a want of maturity in the later music; he rises to an attractive boyish dignity for "Erlös' Holland!"

and for the whole Good Friday scene, but nothing more. Whatever saintly wisdom *Parsifal* is meant to have learned has to be read through the orchestral music, which Solti treats magnificently. He forces nothing, and the score glows in rich hues, in a virtually seamless Act 3. Good Friday (with the help of an inspired oboist) was radiant. The darker thoughts in the music are even softened a little—they would betray the production were they not.

The softening begins with Norman Bailey's Amfortas, a creditable study blunted by resignation two acts too early. Bailey of course commands the dignified pathos of Hans Sachs, but Amfortas' anguish must be distressing, even shameful; here the cries of "Erlös' Holland!" do not stab the heart. (His weary last scene is much stronger.) Even the great first act interlude has its teeth drawn by Hands: instead of the broad transformation required, he sets his Gurnemanz and Parsifal to wandering mazyly about the stage, like children treading fairy rings and absurdly distracting. Yvonne Minton's Kundry Mark I is no guilt-ridden bag, but a fetching creature in Pocahtontas get-up; Mark II is a worse turn, a Ken Russell vision in gold. (Karajan at least captured the spirit of

the role when he had his Kundry transform from Martha Mödl into Christa Ludwig.) In spite of being uncommonly note-accurate—or maybe because of that? Miss Minton's Kundry is tastefully cool.

And disastrously beset by the omnipresent kooch-girls: Hands plainly does not grasp a crucial dramatic point of Act 2, which is that in her original sin narrative, Kundry is stepping desperately outside the limits of her allotted seductress's part. Hands kills the terrible confessional sense quite casually; the kooch-girls posture all through the scene, and it becomes a routine night-club act. In the circumstances Franz Mazura manages a goodish Klingsohr—perhaps fully-realised lighting would give him the needed help. The Grail is all right; the zealous boys' voices aren't; the Knights assemble as if for a nonconformist meeting, clean against the grain of their hieratic music. No doubt the proper rituals would offend Wagner's tastes, though part of Hands' intention was to present those unquestioning ceremonies as moribund. Still, Solti and Moll between them expound the opera with such tenderness and gravity that Wagnerians will not be disappointed—they can regard the rest as illustration by strip-cartoons.



Phil Silvers

New York State Theatre

New York City Ballet

The front cover of the New York City Ballet's daily programme bears a photograph of Merrill Ashley wearing one of those dull NYCB pink dresses, poised in arabesque. Caught thus on the wing, Ashley offers a quintessential image of the present generation of City Ballet artists. Her line is generous, open; the stretch of torso and limbs is full, easy; there is an eager, onward-darting lightness and energy, beautiful placing crowned by the lovely head. She looks glorious, and more glorious still in action in *Allegro Brillante*, whence pose and dress come—what began a performance I recently saw, by New York's pride in its own theatre.

Allegro Brillante is set to the opening movement of Chaikovsky's incomplete third piano concerto, and for the central female dancer Balanchine has conceived dances of glittering bravura. Ashley has the speed, dynamism, varied and absolutely easy virtuosity the work demands. Her dancing, as we lately saw at Covent Garden, has the fire, the lustre of diamonds. Nothing seems beyond this prodigious dancer. Yet since her performances last September it is as if Ashley has gained in lyric warmth, instead of being a virtuoso of diamonds, her movement is a string of

pearls. This softening of Ashley's attack, without any loss of precision, is something Balanchine has sought for her in his new *Ballade*—to Fauré's score—and it is what was so noteworthy in her dancing in *Allegro*. Here she becomes so entirely at one with the music that she can find time, when plainly no time exists, to allow a pose to reach its fullest, richest extension. The dance blossoms. In the piano cadenza, set as a solo for the ballerina, Ashley produces rubatos that allow her trunk and arms to ease gently into positions, when the tempo is still a truly brilliant allegro. Marvellous.

This same programme had Episodes at its heart. This is the 20-year-old study Balanchine made to Webern music: the op. 21 symphony (led by Stephanie Salad and Yvonne Anderson); the five pieces op. 10 (for Wilhelm Frick, Kent and Christopher Fleming); the concerto op. 24 (for Allegro Kent and Bart Cook); and as final resolution, the *Ricercare* from Bach's *Musical Offering*. Staggering, exhilarating, the first three sections are along the most haunting dramatic choreography I know. The absolute compression and austerity of Webern's writing is mirrored in tiny incidents for the three couples, which seem

like Nob plays, filled with secrets, bizarre, succinct, with battles of will and physique which we glimpse in the tightly compressed, allusive form Balanchine adopts.

Salad and Anderson are seen in a duet where they are linked for much of the time, hand to hand; Frankfurt is placed in a pose by Fleming and then left in this seemingly incomplete position, just as the music appears to leave our attention hanging in the air. Kent and Cook—thrilling artists—establish a world resonant with sardonic, elegant dialogue. Episodes is hypnotic, unput-downable.

The final Vienna Waltzes looks ideal on its home stage, with patterns opening out, and mysterious reverberations of image coming from the dimly reflecting backdrop. Karin von Arolingen and Suzanne Farrell, who open and close the piece, offer beautifully complementary views of the waltz. Von Arolingen has its beat, its lift in her spirit, in the curve and sway of her torso; Farrell, in the *Ricercare* sequence, is its insidious, constant and beautiful allure. And when 25 couples pour over the stage at its end, you could swear that this is the most stirring dancing in the world.

CLEMENT CRISP

Morley College

Musica Viva

The regularity with which the music department at Morley College comes up with enterprising, ambitious programmes is some measure of the vitality and curiosity going into performances there. Reading the details of the Musica Viva Ensemble's programme before Monday's concert, it was difficult to believe that the performers were to be amateurs—Lutoslawski's string quartet, Oliver Knussen's *Rosary Songs*, Kenak's *Chorismas*, Stravinsky's *Three Shakespeare Songs*—works which in the professional world would be the province of specialist ensembles.

It would be warming to be able to report that grand ambition was appropriately rewarded. But resources, evidently intended to be at full stretch, were taken beyond their competence. Knussen's settings of Trakl were the major casualty; the iridescent web in which the poems are cocooned sounded too forthright, the dynamics consistently too loud, the delicate timbral effects largely neglected. Lutoslawski's quartet also, for all the enthusiasm and evident dedication of the Musica Viva Quartet, needs more subtle handling if it is not to sound crude and commonplace, though the shorter first movement, full of hesitancy and the refusal to settle down to a single direction, was quite carefully tended.

The robust irreverence of Stravinsky's songs survived better: they were intelligently sung by Jane Ginsburg. And Kenak's brief skirmish for clarinet and cello, played by Jeremy Rose and Libby Wilde, survived best of all: perhaps as the dust settles and his music is more widely played, we shall be able to separate the serious explorations of the fringes of the pieces of more humorous intent. For the moment, however, everything Kenak writes must be viewed with suspicion.

ANDREW CLEMENTS

'Work-in' at drama college

Students at Rose Bruford College of Speech and Drama, Sidcup, Kent, are holding an all-night "work-in" on Friday, June 20, in protest against a reduction in the college's 1980-1981 funding from the Education Department.

Events will include a sponsored reading of *Paradise Lost*, a rehearsal of Chekhov's *Ivanov*, and a reading of the complete works of Shakespeare.

RONALD CRICHTON

Snake Matings

A Midsummer Night's Dream

The new *Midsummer Night's Dream*, briefly described by Andrew Clements after the first performance, is a joint effort by the Aldersburgh Festival, the Snake Matings Foundation and the English Music Theatre Company. Christopher Renshaw (producer) and Robin Don (designer) have advised a radically conceived staging quite different from the old one at Covent Garden and before that, in pre-Matting days at the Jubilee Hall. Now the new, alluring height, widths and depths of the stage at Snake, will adapt to proscenium theatres remains to be seen. Meanwhile, such a thorough exploitation of a particular space is greatly stimulating. Dramatic and visual expectations are satisfied. The music is enhanced.

There are three main elements in the design—a faintly shimmering backdrop of tinsel stripes, cloud shapes of metal gauze, moved sideways to cover scene changes overlapping like thickly leaved branches; most importantly, triangular trapeze bridges sliding back

and forth in and out of one another. As the singers climb up and down the bridges three clearly but not rigorously defined levels become perceptible—at the top, the immortals with Oberon as the apex, in the middle, Theseus and the lovers (the court), below the rustics (the people).

The fighting by John B. Read successfully transforms the construction into the mysterious wood, unfriendly but not grim—there is play with iridescent soapbubbles, gleaming drops of herb-juice, and twinkling flower lamps. The choreography by Terrence Etheridge is discreet. Otherwise, except for the rancorous acrobatic Puck of Mike Chubb moving across the three levels, physical movement tends to be inhibited. Perhaps more attention was paid to the metaphysical implications of the levels, than to the physical one. Oberon in the person of the counter-tenor David James moves little, and stiffly—with more practice on the girders confidence and mobility should soon match the authority with

which Mr. James projects his voice.

Under Stuart Bedford's direction the score comes up visibly, revealing, as well as the ingeniously prickly night noises, more stinging pain than one remembered, pain inflicted, pain received, passing gradually into resolution and reconciliation. There is some excellent singing but, for a company expressly concerned with "music, theatre" performing an opera with words by Shakespeare, too much weak diction. Two notably gifted young sopranos Marie McLaughlin (a Titania whose voice shines like quicksilver), and Helen Walker (Helena) were offenders. The remaining lovers—Kate Flowers, Niel Mackie and Richard Jackson were innocent. So was Roderick Kennedy as Bottom, not a very resourceful comedian but a strapping young bass who delivered a miraculous portamento yawn as the exposition of sleep fell upon him. One more performance during the Festival on Thursday evening.

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London's mass transit crisis

THE PUBLICATION of a consultant's report to the Board of London Transport on its own management deficiencies will serve a useful purpose if it forces all concerned—and not just the unhappy directors who have been pilloried—into drawing up a basic strategy for public transport in Britain. This is urgent not because of the lack of "business culture" detected by the consultants in what seems to be a generally somewhat unhelpful report, but because the finances of London Transport are now in grave crisis.

Fare levels

The report itself should be dismissed as largely irrelevant. The London Transport Executive is the servant of the Greater London Council, and cannot by itself generate a strategy; only the GLC can decide what kind of system it wants and is willing to pay for. Nor is it helpful to congratulate the Executive on managing at a lower level of public subsidy than systems in other cities; this has been achieved simply by forcing the highest in the world—in money terms, let alone in relation to income—and the level of fares is in fact part of the problem. Fare levels are now driving away passengers in such numbers that revenue was rising only half as fast as expenditure in 1979. Leaked figures suggest that this slide into bankruptcy has accelerated alarmingly during 1980.

This fact is not in itself any condemnation of the management; the economics of public transport are such that it universally requires subsidy. A public transport system can best be regarded as an indispensable part of the transport system of a city generally; without it, the road network could not handle more than a fraction of the traffic. It is no more relevant to ask whether the system is profitable than to ask whether the local authority makes a "profit" on road maintenance. The problems of strategy are partly to decide on an appropriate level of subsidy and one test is a level of fares which will enable the system to hold its market share, as well as reaping the benefits of scale economies. The management problem is largely that of any

Scapegoat

The danger of publishing the consultant's report—apart from ensuring that other public bodies are unlikely to risk such humiliation—is that attention will be diverted from strategy to the search for a scapegoat. There are certainly important details which need putting right; but strategy must come first.

Mésentente in the Pacific

POLITICAL disturbances are not uncommon in colonial territories in the period leading up to independence, and it is not entirely surprising that local rivalries should be creating difficulties in the New Hebrides in the weeks preceding its independence, planned for July 30. What is disturbing is that Britain and France, as the two powers which have been responsible for governing the condominium since 1906, should be so signally unsuccessful in agreeing how to handle the situation. Mutual recriminations between the two Resident Commissioners on the spot certainly do not help and expose their respective governments to ridicule and contempt. In principle there is due to be a meeting between Mr. Peter Blaker of the Foreign Office and M. Paul Djoudj, France's Minister for Overseas Territories, but M. Djoudj has so far been unable or unwilling to fix a time and a place for such a meeting.

Integrity

As the responsible powers, Britain and France have an obligation to maintain the integrity of the New Hebrides until its independence, if at all possible, and to hand it over in good order to the locally elected government. In the recent elections the Anglophone Vanuatu party led by Father Walter Lini won an overwhelming victory, including a majority of the votes on Espiritu Santo, to the surprise and disappointment of the French settlers in the territory, and the fledgling elected government is entitled to expect that its legitimacy and the integrity of the New Hebrides will be respected by the colonial powers. There is no reason to suppose that Mr. Jimmy Stevens, leader of the breakaway group on Espiritu Santo, has or could get majority support from the population of the island.

What happens after independence is another matter. Mr. Stevens may think he is a good thing in trying to turn Espiritu Santo into a tax haven, even if it means relying on the very dubious assistance of such murky interests as the Phoenix Foundation. But it is not good policy for the colonial powers to lend themselves to such schemes or to acquiesce in the fragmentation of a territory which is

Instinct

Various cynical explanations for French behaviour have been suggested: that they want new elections in the hope that the Francophones might win; that they are afraid that the example of independence in the New Hebrides would start pressures for independence in nearby New Caledonia; even that they are in the final analysis reluctant to give up even a shared remnant of their empire. The true explanation may be different: an ineradicable instinct for acting differently from the British. But whatever the true explanation, neither France nor Britain will gain any advantage nor any credit if they allow the Stevens rebellion to drag on, and the sooner Mr. Blaker and M. Djoudj can settle on a common strategy for bringing the New Hebrides to independence as soon as possible, the better it will be.

Heads begin to roll at Fiat

BY PAUL BETTS IN ROME

FOR THE car business as a whole the next few years are a gamble and I'm afraid we shall see some funerals," Sig. Giovanni Agnelli, the chairman of Fiat, laconically remarked on the top floor of his conglomerate's draft headquarters in Corso Marconi in Turin. And Fiat in Italy today is far more vulnerable than powerful.

Hence it is unsurprising that profound, changes are taking place in the top management thinking of Fiat. They are likely to bring about a significant reversal of some of the key management policies both Sig. Agnelli and his younger brother, Umberto, Fiat's chief executive now in control of the company's car group, embarked upon after the last world car slump in 1974-75. It comes at a time when Fiat is finding it increasingly difficult to keep up with the pace of international competition and is losing ground in some of its main export markets, largely to Japanese car producers.

At its annual meeting on July 1 in Turin Fiat will again report to its shareholders a net profit of nearly £400m (£20.5m) for 1979 and distribute an unchanged dividend of £185 per share. But these earnings are in large measure the result of

shareholding in IVECO. In view of Fiat's traditional difficulties in making cars profitably in Italy, it has sought during the past few years to boost its strengths in its other industrial sectors. But its car operations, accounting for nearly half its £15,000m consolidated turnover last year, are so dominant that the group's future fortunes are bound to revolve around this business in the next crucial years.

In unchanged circumstances, there is a real risk that Fiat's car operations could eventually be driven out of business or, more probably, end up in the state subsidised economy. This would have dire repercussions for Italy for it is generally acknowledged, even by the Communist Party, that for the Italian economy to prosper Fiat needs to prosper too.

For all these reasons, the Agnellis are now revising some of their earlier policies. The next few years will probably see at Fiat a return to a more autocratic and centralised form of leadership on the model of the company's founder, the late Giovanni Agnelli, grandfather of Fiat's auto division. He was reported to have once said: "Only an odd number of directors can run a company, and three is too many."

In many respects, this is already happening. Sig. Umberto Agnelli admitted last week that at least in the beginning of the 1980s Fiat will revert to "a more centralised management style" in sharp contrast to the policy of management devolution of the last few years. The company must tackle a whole series of painful and unpopular problems and these responsibilities should fall on the shoulders of a few," according to the Fiat chief executive. The group, he added, had to improve internal efficiency both at the production end and right down the management line. It had to sharpen its market approach and its product mix. In a broad lightening policy, it had to scrutinise overheads more carefully.

This has been translated in the past few weeks into a number of proposed management changes in Fiat offices in Italy and abroad. Heads have begun to roll. More significantly, Mr. Jacques Vandamme, head of IVECO, has now resigned and is to be replaced by Sig. Giorgio Manina, the former chief executive of the Fiat controlled publishing group Fabbri.

These changes have been preceded by an equally significant change in the company's attitudes to industrial relations. It had attempted to buy industrial peace and improve productivity through a policy of collaboration and dialogue with the Italian trade unions. New

Fiat, after much hesitation, has noticeably hardened its approach towards labour relations even at the risk of setting the company on a collision course with the trade unions and the left-wing parties, particularly the Communists.

Last October Fiat took the unprecedented decision to dismiss 61 car workers for industrial violence and temporarily halted all recruitment at its Italian car plants. The move was largely a management response to factory violence. It led Sig. Giovanni Agnelli to say at the opening of the Turin Motor Show last April that unlike any other major car producer, "Fiat makes cars with one hand and fights a guerrilla war with the other."

The decision, which caused a major political storm, has been followed by equally controversial moves like the decision to put some 78,000 car workers on short-time this summer. "We mean business this time," claimed Sig. Vittorio Ghidella, managing director of Fiat's auto division. He also warned the company may be forced to turn to more widespread temporary layoffs later this year.

At the same time, Fiat is applying a more rigorous approach to its foreign operations. This is the case with its long standing association with SEAT, Spain's largest car manufacturer. At the end of last month, Fiat announced it would not take part in SEAT's capital increase operation. It thus reduced its stake in the Spanish group from 41 per cent to 28 per cent. Although it is unlikely Fiat will make a total withdrawal from Spain, the move clearly reflects Fiat's concern at having to shoulder SEAT's current huge losses and

Productivity of West German car workers is 37 per cent higher than at Fiat

manufacturing difficulties. The Agnellis also appear to be considering gunboat diplomacy in a counter-offensive against Japanese car producers. Fiat sets itself more threatened than most by Japanese competition. In Italy, it has sought to block a proposed deal between the Italian state car group Alfa Romeo and Nissan of Japan to build a joint venture in a small car in southern Italy. For Fiat, the venture, now at the final stage of negotiations, would give the Japanese a bridgehead in Italy and western



Fiat's Sig. Giovanni Agnelli: "I'm afraid we shall see some funerals in the car business. Fiat in Italy today is far more vulnerable than powerful."

Europe as a whole. In most of its traditional European export markets, particularly in countries like Austria or Denmark without national motor industries of their own, the Japanese have been making inroads largely at the expense of Fiat. "We are competing in the same category of small to medium cars in these countries and their prices are undercutting ours to a degree we simply cannot compete with," Sig. Ghidella emphasised.

For Fiat the immediate problems, according to Sig. Umberto Agnelli, are the need to reduce costs and improve productivity. The company has also been undermined by what it regards as an overvalued lira preventing it from competing properly in export markets. The gap between inflation in Italy, now running at an annual rate of more than 20 per cent, and that of Fiat's principal foreign markets and rivals has so far not been made up either by a rise in productivity at home or by a devaluation of the Italian currency.

The underlying reasons for this general reappraisal of management policies is seemingly Fiat's anxiety not to repeat the errors it made at the time of the last crisis in the world car industry seven years ago. On the eve of the slump, the situation for Fiat then was much as it is today. The company's financial position was "solid then as now and Fiat was in the middle of renewing its car range as it is at present doing."

"The '73-74 crisis hit Fiat in the middle of a major company expansion programme and sent the group into a deep coma," Sig. Ghidella explained. The shock was such that instead of pressing ahead with its programme, Fiat for two years, practically stopped investing in the car sector. Stocks were left to grow to an absurd level, while on the labour front Fiat was reluctant to enforce the necessary widespread layoffs to prevent stocks getting out of hand.

This was followed by a financial crisis as the company's

financial crisis as the company's short-term debts rose from practically nothing to more than £200m. By the time the market recovered, Fiat found itself in a particularly weak position compared to some of its European competitors like Volkswagen or Renault, which were coming out with new models.

Fiat gradually resolved its financial problems largely by consolidating its short-term debt into the medium term and through the spectacular operation with the Libyan Arab Foreign Bank which injected some \$450m of fresh funds into the group. Sales recovered slowly in Italy and abroad, although the company's efforts to win industrial peace and improve productivity by collaborating with the unions failed. In the face of the current crisis, Fiat's broad policy was summed up by Sig. Umberto Agnelli as "rationalising and reducing the company's range of cars, producing bigger volumes and entering into joint ventures with other European manufacturers in the components sector to achieve necessary economies of scale."

The plan this time is to go ahead with the group's £400m five-year car investment programme which will see Fiat coming out on the market by the mid-1980s with four basic medium to small-sized models produced in greater volumes than today. "Barring the unforeseeable, by that time the car industry should be coming out of its bad cycle and we should be in a good position to compete strongly, especially since the general trend in the market is moving back to the small and medium car which is our basic product," Sig. Ghidella said.

Although basic wages in Italy are about 20 per cent lower than in France and West Germany, productivity of West German car workers is 37 per cent higher than at Fiat while at Renault and Peugeot of France it is between 20 and 40 per cent higher. Moreover, Fiat lost production of 200,000 cars last year, as a result of chronic

labour unrest at a time of strong demand, particularly in Italy. However, Fiat expects demand in Italy to drop sharply by the autumn or at the latest by the end of the year as the Italian market has traditionally followed world trends some six months later.

"In many respects, Fiat is like an elephant permanently attacked by hyenas and other wild animals," Sig. Ghidella remarked.

Indeed, like an elephant, Fiat has reacted sluggishly to the past to changing circumstances. It has also faced, as a consequence of its over-riding economic power in Italy, constant attacks from the unions and the political parties and now from the Japanese.

Fiat is lobbying the Rome Government which is working on a long awaited recovery programme for the Italian car industry. It hopes for additional State support to reduce the burden of the social welfare costs: it has to pay for its 300,000 employees, for support in research and development and ultimately for effective back up in improving labour mobility and productivity at its plants.

"In the past," says Sig. Giovanni Agnelli, it was the conventional wisdom in Italy to think that Fiat could take any number of knocks and come out unscathed. But I think this feeling is changing."

There are already signs that trade union attitudes towards Fiat are beginning to change. Judging from the Italian newspapers, where no day goes without a dramatic reference to the "Crisis della Fiat," concern is widespread. All this could make Sig. Agnelli's "gamble" for the 1980s a very calculated one in the best tradition of the renaissance: prince he is so often depicted as in Italy.

Only an odd number of directors can run a company, and three is too many

The group's overall sound financial position and its profitable activities outside its car business. Fiat's car operations last year, after breaking even in 1978, showed a net loss of £197m despite continuing buoyant car demand in Italy; the group's biggest market.

Coupled to this, Fiat's heavy vehicles arm — the IVECO group — also registered a loss of £8.2bn last year. These losses have been compounded by the withdrawal earlier this year of Klockner-Humboldt-Deutz of West Germany which decided to sell back to Fiat its 20 per cent

FIAT'S SHARE IN WESTERN EUROPE
(thousand passenger cars)

	Fiat sales*	Total car
1973	1,675	9,388
1974	1,390	8,127
1975	1,342	8,356
1976	1,342	9,474
1977	1,371	9,960
1978	1,464	10,162
1979	1,345	10,479

* Fiat, Lancia, Autobianchi and SEAT
† Estimate

MEN AND MATTERS

Texan on the backers' trail

After spending most of his life as a company man, five years ago John R. Blocker almost by accident found himself overtaken by circumstances which transformed his vague musings over retirement into dreams of oil tycoonery.

Formerly top man in Dresser Industries' worldwide oil and minerals operations, the 57-year-old Texan resigned in 1977 to start his own company and now runs the publicly-quoted Blocker Energy Corporation with 43 per cent of its \$100m paper value in his own name.

"I made a side investment in a drilling operation close by my ranch near Laredo. And dang me if they didn't find gas in it," he told me yesterday. "It was like being born again." The income gave him the funds to use his expertise on his own behalf, and he promptly left Dresser to establish a modest contract drilling firm which has since blossomed into his present corporation.

"When I started I had \$35m or \$10m of my own," he says with the carelessness about fine detail one expects from a Texan. "Then when I had signed \$44m worth of notes, I decided that would be a good time to go public."

Although no dividends can be expected for some time, growth has been rapid. Total sales last year were \$45m, and he predicts \$75m this year followed by \$125m in 1981. With all these figures in his baggage, and most of his board in his train, he is touring Europe hoping to raise \$35m in new backing for his drilling and oil exploration projects, principally in the U.S. and Latin America.

Having spent much of his life in South America, Blocker sees enormous potential. At the same time, however, he appreciates that nothing is likely to be found to compare with the oil gushers of the Middle East. Still, with oil prices climbing steadily, "Even 10 barrels a day



"All change"

at \$40 a barrel can be good business."

Despite these modest expectations, it is surprising that no one has yet given him the inevitable nickname "J.R." They call me Boss," he said. "After Den Blocker, the big guy in Bonanza."

Goose steps

There is much business afoot in Strasbourg this week. Not, of course, in the European Parliament (which was yesterday bogged down in basic advice) but in the meetings attended by Chou En Lai's widow, Madame Deng.

She has been mulling over industrial co-operation with Commission President Roy Jenkins. But the Strasbourgists have, for them, a far more important topic.

French geese end their rearing. are having trouble supplying the growing demand for foie gras, so the farmers of Alsace want a deal under which China will force-feed the unfortunate birds and then ship the engorged livers back to France. The Chinese, appetites whetted

by the prospect of additional supplies of webbed feet for their tables, are still digesting the proposition.

Pricey advice

Amid the cluster of forecasters spawned during the turbulent years of floating exchange rates, Charles Ramond, head of the New York-based PreDEX Group, is distinguishable by a certain self-deprecating charm lacking in some of his slicker rivals.

In an "industry" where some companies provide results no better than could be obtained by tossing a coin, Ramond is not slow to broadcast that his track record is generally good, pointing to a survey carried out last year by the magazine *Euromoney* which gave him top marks for accuracy out of a list of 14 banks and agencies.

But at the same time he is refreshingly frank about the pitfalls of currency clairvoyance. In London yesterday, the 48-year-old former chief economist told a group of potential clients that his predictions for the Canadian dollar had been "improbable" and "cheerfully related the story of a customer who had made money by consistently acting against the forecasts."

The unabashed Ramond, however, is still confident enough to be putting on basic advice prices by 50 per cent—to \$12,000 a year.

Wagner walks

"For the past two years," John Wagner tells me, "I've been working 150 per cent on BMW and 50 per cent on Hasselblad. It is simply not possible to concentrate on both." So on October 1 he will leave the driving seat of BMW (GB) and focus all his attention on the Swedish camera importing business he took over on his father's death in 1973.

The parting with BMW is wholly amicable and was foreseen when Wagner, now 47, was approached by the West German car maker in 1978 to oversee its takeover of UK imports and distribution from Toser, Kemstley and Milbourn. The change was completed on January 2, and Wagner's other big headache—establishing a new HQ—disappeared with the move into BMW's Bracknell home shortly afterwards.

Now the operation is ticking over nicely, Wagner is to hand over the managing directorship to Dr. Walter Hasselblad, 38-year-old head of BMW's retail operation in Berlin.

"The car company's choice of a camera importer to undertake its complex, two-year re-amp is not as bizarre as it sounds," Wagner learned the car business with Volvo in the late sixties and was MD of the VW/Audi operation in Britain from 1972 to 1975.

"BMW knew I was going to return to Hasselblad," says Wagner. "The idea was always that at some point after BMW was up and running I would hand over."

Why not a Briton to succeed Wagner? In West Germany the view is that native UK expertise in quality cars is a little thin on the ground. But more to the point is the company's plan to start building cars abroad and its need for officer material with foreign campaign experience. Given the car-mart war games being played here with such vigour, Hasselblad should get plenty of that.

Cinema verité

I could not wish for a neater, nor more topical example of life imitating art than the appeal scheduled for the London divorce court yesterday—in the case of Kramer versus Kramer.

Observer

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Quality in an age of change

Scargill's 'By the Left, quick march'

MR. ARTHUR SCARGILL has opened his campaign to capture the presidency of the National Union of Mineworkers for the first time in a British trade union election, with all the hoopla and bluster of a United States presidential election.

The fact that the contest has not even been officially declared is not to Mr. Scargill and his backers. The prize is great, and the vote-winning machine of the Left needs oiling well in advance. The "primaries"

Mr. Scargill's message seems incomprehensible to Surrey businessmen

have been held and the "convention" of the Left has endorsed his candidature.

The right-wing incumbent, Mr. Joe Gormley, is not amused by this premature bid for his job. He has two years to run and has stopped hinting that he might go early. "There's no bloody vacancy," he said last week.

Mr. Gormley's supporters have yet to settle on their choice: they, too, need time to groom a candidate who can fend off the Marxist who is a household name. But there is no doubt they will fight hard to stop him.

If Mr. Scargill wins the election, which can be deferred as long as 18 months, he will not just become the first left-winger to lead the national union since its formation in 1945. He will be a potent symbol for the Left, who both inside and outside the National Union of Mineworkers have suffered a more than usual number of tactical reverses in recent years.

Mr. Scargill himself is only too conscious of the example of what happened in the engineer-

ing union, where the unknown Mr. Terry Duffy, thrown up by the right-wing machine and backed by the Press, defeated the experienced and able left-winger Mr. Bob Wright for the presidency of that union. Since then, the Right has taken every seat on the AUEW national executive committee. The consequences of that shift of power are even now being felt in the constitutional battle for ideological supremacy inside the Labour Party.

It is no surprise then that veterans of the Left like Mr. Michael McGahey, president of the Scottish miners and former chairman of the Communist Party of Great Britain, should see in Mr. Scargill their best hope for years of reviving—at a crucial moment in British Socialist history—the march towards

It was no accident that the star speaker at the Scottish miners' gala in Edinburgh 10 days ago should be Mr. Scargill, representing the industrial, and Mr. Anthony Wedgwood Benn, representing the political constituencies of the Left. And while the Scottish miners were rising to their feet for Scargill and Benn (reputedly the first standing ovation at an Edinburgh gala day since Paul Robeson's appearance in the 1950s) the Nottinghamshire miners were doing the same for Mr. Gormley and Mr. James Callaghan.

Mr. Scargill's campaign had begun before his visit to the Scottish coalfield last week; but with nothing like the publicity he enjoyed under Mr. McGahey's tutelage. He has been backed by leaders of the South Wales miners (traditional allies of the Scots) by North Derbyshire and Kent. He has been canvassing in Nottinghamshire across the border from his South Yorkshire kingdom where there is a handful of left-wing pits, and is hiding hard for a large slice of

the more unpredictable Durham area. But it was in Scotland last week that the candidate was made most visible, and the manifesto launched. Mr. McGahey's age—55—has ruled him out of the contest, so here was the king-maker at local meetings and at the annual conference of the Scottish NUM challenging his men to bring out for Arthur Scargill the kind of vote that he himself would have counted on had he been the candidate.

Mr. Scargill's message, a fusion of trade union interests like wages, safety, health, job security with a wider political message including the so-called alternative economic strategy, is familiar enough to men like the Scottish miners even if it seems incomprehensible and irrational to Surrey businessmen. Scotland is not England and—as Scottish trade unionists like to remind the visitor from London—the Labour Party won "the general election north of

Something more serious than a union election is at stake

the Border." By the same token, his message may be enough to help Mr. Scargill into the presidency of the NUM—the odds must be in his favour—but it does not mean that he will easily win the votes at the annual Trades Union Congress in September necessary to gain his place on the TUC general council.

On the general council, Mr. Scargill would join an increasingly confident minority of left-wingers who believe the vacuum left by Jack Jones and Hugh Scanlon has not been entirely filled by the moderates, old or new.

As president of the miners, Mr. Scargill would undoubtedly have considerable psychological impact on the wider trade union movement, even though the NUM can only muster 240,000 votes at Congress these days, compared with the 1.2m of the AUEW.

Nevertheless, there can be no doubting the conviction of the Communist or left-wing Labour leaders of the Scottish miners, that something more serious than a union election is at stake. "The crisis of capitalism" is probably the most overworked phrase in the Communist's vocabulary—it can be heard several times a day at almost any trade union conference—but the political activists in Scotland seem sure that Mrs. Thatcher and her Government are sowing up a crisis from which only the Left, including the shrinking Communist Party, can benefit. Mr. McGahey himself says Britain is facing "the biggest crunch in my lifetime."

It would be wrong to assume that the 21,000 Scottish miners are a solid Communist battalion. As everywhere else, there are trade union members with little or no interest in "politics," or even in union affairs. Some are critical of the time spent by their leaders on "politics," and disappointed by the union negotiators' performance on wages and fringe benefits. On the other hand the battles of the 1920s among the Scottish miners have long since been won by the Left, whose writ appears to run right through the coalfield. As one unsuccessful young contender for the important job of a pit delegate admitted, Party membership—or at least Communist Party support—is probably a prerequisite for a career in the Scottish union. This same man was in no doubt whom he would be supporting in the national presidential race—he had been lifted to his feet by the oratory of Arthur Scargill.



Mr. Scargill, beginning his campaign early despite Mr. Joe Gormley's warning, "There's no bloody vacancy."

There are industrial as well as political reasons for this kind of support. Scottish miners, with the exception of those at one or two pits, have done far less well out of the Coal Board's bonus scheme than their English counterparts. Difficult geological conditions have counted heavily against them. In some pits—even the most modern like Monktonhall near Dalkeith, or Killoch, in Ayrshire—face-workers are earning £10 a week or less in bonus, compared with

the £50, £60 or £70 a week in areas like Nottinghamshire.

One recent pay slip for a top-rated underground worker shows a basic of £101.95 for five shifts, £12.55 night allowance, £2.35 bathing time (a new allowance) and £9.31 bonus—total of £124.86. An oil tanker driver can pick up £130 or £140 a week without much difficulty. Job security is another constant worry even in an area where no pits are publicly nominated for closure, and manpower—according to the Coal Board—

has remained fairly constant in recent years. The Scottish area generally is investing £73m on a rolling programme plus another £60m to open up the coal reserves that lie under the Firth of Forth.

That is small comfort, however, for miners producing coking coal in the face of cheap foreign supplies. It does not cheer men working the small pits like Sorn, in Ayrshire, who struggle with pick and shovel to turn in a profit. The miners of Sorn—only 370 of them—

and the pit manager are asking the Board for investment of £1.5m so that they can get down another 240 ft to a bigger and better seam, and keep the pit alive.

These are the sort of men to whom Mr. Scargill will be addressing himself throughout the next 18 months, and if his programme differs little from the present policies of the union, it is the determination with which he puts it over that wins the applause. Mr. Gormley and Mr. Scargill have

Mr. Callaghan will be watching this contest closely

the same general policy on pit closures—there should be none unless reserves are exhausted. But Mr. Scargill goes further. If one pit shuts in Wales, he declares, and if the Welsh miners call on Yorkshire for support, then 65,000 Yorkshire miners will stop work.

On the other side of the political divide in the NUM, they say: "You can't run the national union as you run if he gets the job." But Arthur declared last week, under the watchful gaze of Michael McGahey, that he would not change. "If the price of winning the job is to compromise my views, then I don't want it," he said.

But Mr. Scargill does want the job, and his getting it would be interpreted, certainly on the Left, as evidence not only that the miners want a different sort of union, but that workers want a socialist Labour Government in 1984. Mr. Callaghan will be watching this presidential contest as closely as Mrs. Thatcher.

EEC transport policy

From Mr. Amédée Turner QC, MEP.
Sir—I was alarmed to see (June 13) that the select committee of the House of Commons on transport has come out against Commissioner Richard Burke's proposals for a transport policy for the EEC. You say that the committee feels that the proposals are vague, unclear and well nigh impossible to understand.

I have had a great deal to do with these and as far as I can see they are completely plain. He is proposing that any transport bottlenecks in the EEC should receive EEC financing in proposals for their amelioration. A typical case is the haven ports of Ipswich, Felixstowe, and Harwich and the roads leading from them to the Midlands, notably the A1-M1 link, which Mr. Burke has recently visited and considered to be an ideal example of the sort of projects to which the EEC could and should give financial assistance. Such proposals could do nothing but good for Britain and help redress the balance of the budget. If they were put into effect now they could indeed provide the prime means by which the British budgetary imbalance could be set right.

I know that all the local government authorities and the port authorities in East Angles have welcomed with open arms the possibilities of Mr. Burke's initiative. Indeed representatives of all of these were present at a colloquium which he organised in Brussels earlier this month when they put their case to a large gathering of transport experts from all over the EEC. One can only imagine that the members of the select committee were out of touch with the views of their electors. Nevertheless all the Members of Parliament to whom I have spoken about these proposals have shown considerable interest and enthusiasm for them.

You mention that the committee is surprised that non-EEC projects are included. The reason for this is because some transport problems in the EEC are caused by the intervention of countries, such as Austria, between Germany and Italy and it seems only reasonable that such problems should be within the purview of the schemes he is proposing.

Amédée Turner.
The Barn,
Westleton,
Saxmundham,
Suffolk.

Support for Mr Rowland

From the Chairman, Investment Sub-Committee, Royal Borough of Kensington and Chelsea

Sir—My fund holds both Lomrho and House of Fraser. I have been lobbied (indirectly) by a Mr. Michael Richardson, who, I am told, is a partner in Messrs. Cazenove, acting as brokers to the Fraser interests. We are supporting Lomrho.

Neither I nor my committee are going to be lobbied or lectured by the leading establishment broker. We supported Lomrho in his bid for SUITS, and as a result made a large capital profit, and indeed we are

Letters to the Editor

running a large profit on our Lomrho holding, apart from benefiting from the ever-increasing share price.

Sir Hugh Fraser is a charming and intelligent man, but he is not in the same league as Mr. Rowland in entrepreneurial skill and drive. I do not share in the extraordinary vendetta which the City establishment still conducts against Mr. Rowland. His business dealings, which have added vastly to this country's wealth, both directly and on invisible account, have been fully and finally cleared by the Board of Trade after an exhaustive inquiry. I believe that Mr. Rowland should and will acquire Fraser's name and that this will provide a further financial base from which Mr. Rowland will create yet more wealth for the whole community over the next few years. I do not believe on the other hand that Sir Hugh Fraser has either the ability or the resource to match Lomrho, whose profits are exploding upwards, in making us all richer. Unlike, apparently, the Richardsons, and Cazenoves of this world, this is, I believe, what private enterprise is all about. Mr. Rowland has our vote because he deserves to have it, both on past performance and future prospects.

VAT levy on snacks

From Mr. R. P. Pearson

Sir—I was concerned to see the statement in Gareth Griffiths' article on June 11 that "Foods such as crisps carry zero VAT rating, and write to set the record straight. Potato crisps, shaped snacks and processed nuts are all subject to VAT at the standard rate, along with a number of other food products."

The FME has consistently lobbied on behalf of snack food manufacturers against the application of VAT to snack food products on the grounds that it is illogical and discriminatory. Snack food competes, directly

against untaxed foods for a share of the housewife's purse.
R. P. Pearson,
Assistant Director,
Food Manufacturers' Federation,
6, Catherine Street, W1.

Exchange markets

From Kate Phylaktis and Mr. G. Wood

Sir—The Bank for International Settlements' advocacy (June 10) of greater intervention in the foreign exchange markets by central banks, without comment. The BIS recognises that countries with above average inflation rates cannot avoid depreciation of their currencies over the longer run. In the long-run the exchange rate is determined by inflation rate differentials. In the short-run, however, the exchange rate is determined by asset markets also—by investors' expectations concerning the future exchange rate. The BIS is suggesting that countries should intervene to stabilise rates of their long-run equilibrium value. Has the Bretton Woods era not taught us a lesson? The BIS is asking us to have greater faith in

the judgment of Governments than in the judgments of other market participants about whether a given exchange rate will be the ultimate equilibrium one. What pool of wisdom is drawn on by central banks which is not available to other people? Can they justify the belief that they have better foresight than anyone else? Their track record of intervention in defence of manifestly disequilibrium rates certainly cannot support such a claim.

The best thing that central banks can do for exchange markets is to stop confusing them by intervention and by erratic domestic monetary policies. Any other policies will simply exacerbate fluctuations.
Kate Phylaktis,
Geoffrey E. Wood,
Centre for Banking and International Finance,
The City University,
Northampton Square, EC1.

Inaccurate tax assessments

From the General Secretary, Inland Revenue Staff Federation

Sir—Mr. Penwill (June 11), like so many accountants and, indeed, past senior officials of Inland Revenue, who should certainly have known better, jumps automatically to the conclusion that the only serious work in the Revenue relates to business accounts and to Schedule D assessments. It is this elitist approach which is proving, in my opinion, to have been a significant contribution to at least some of our present troubles.

In fact, none of the figures given by Sir Lawrence Airey related to Schedule D at all—they referred to PAYE and Schedule E assessments. PAYE now provides 11 times the tax of Schedule D but it has only recently commanded the attention which it deserves.

It would be fascinating to have Mr. Penwill's explanation for the relatively low Schedule D yield.
Tony Christopher,
Inland Revenue Staff Federation,
7, St. George's Square, SW1.

Local authority manpower

From the Secretary, Association of County Councils

Sir—I was interested to read (June 18) Robin Pauley's interpretation of the latest local government manpower figures. While it is true that there has been a reduction of the numbers of local authority staff of 0.8 per cent between March, 1979, and March, 1980, it is not true that three-quarters of county councils have not made reductions. When the figures are published it will be seen that of the 47 shire counties, 31 have made reductions in their full-time staff. The shire counties will be shown to have made a reduction of 1.5 per cent in the numbers employed—a total reduction of 17,523 staff over the year.

Neither is it true that teachers' numbers are not decreasing significantly. The figures show that in education there has been over the past year a total reduction in the number of teachers employed of over 5,000, and that the number of non-teaching staff in education has been reduced by no less than 13,475.

Given the sort of figures given above, I am sure Mr. Heseltine will feel that his first year in

office will not have been unproductive.
John Stevenson,
Association of County Councils,
Fenton House,
66a, Eton Square, SW1.

The NEB stake in Ferranti

From the General Manager and Deputy General Manager, Marconi Space and Defence Systems

Sir—The Scottish Office encouragement to local financial institutions to purchase the National Enterprise Board 50 per cent stake in Ferranti has been given much coverage recently, for what appears to us to be the wrong reasons.

It has been implied that rationalisation with the loss of jobs in Scotland would take place only because Ferranti was taken over by another electronics company. If rationalisation is required as a result of too many people chasing too few contracts, then this will happen whether the 50 per cent NEB holding in Ferranti is purchased by individuals, Scottish financial institutions or large UK electrical groups. If, under these circumstances, rationalisation did not take place, the new investors might well be forced to turn to the Government for further subsidies. It has also been implied that the employment record of Ferranti UK electrical groups in Scotland has not helped the Scottish economy. In fact, the GEO-Marconi Electronics Group has been so successful in providing employment in Scotland, and particularly in Fife, that we feel we have earned the right to expect a more positive attitude from the Scottish Office and from the community as a whole.

Marconi Space and Defence Systems established a plant in Hillend, Fife, in 1967 with 47 people and now employ some 2,400. Our operation has now become the largest private employer in the region, with a major commitment to research and development in Scotland. The research and development operation in Fife is some 800 strong, of whom approximately 350 are professionally qualified scientists, mathematicians and electronics engineers. Our ability to grow further, and hence provide even more employment in the area, is governed by our ability to recruit more professional engineers. We are currently actively seeking a further 50-100 people with professional skills.

We are also conscious of our social responsibilities to Scotland. Our policies of employing mentally handicapped youngsters and our local involvement with schools and colleges amply demonstrate this. Our activities, in conjunction with the Manpower Services Commission, in expanding the job opportunities for young people were justifiably welcomed recently by Mr. Alex Fletcher, MP, Minister for Industry and Education at the Scottish Office during his visit to our unit.

Recently expressed doubts about large UK electrical groups in Scotland, by the Scottish Office and certain Scottish MPs in the light of our success in Scotland, is a matter of deep concern to us and we trust that this letter will help redress the balance.
T. M. James,
D. S. Gruneberg,
Marconi Space and Defence Systems,
Hillend Industrial Estate,
Hillend, Nr. Dunfermline, Fife.

Today's Events

GENERAL
UK: Mr. William Whitelaw, Home Secretary, is principal guest at Westminster Chamber of Commerce Luncheon, Europa Hotel, London.

Financial Times two-day European Offshore in the 1980s conference opens at Grosvenor House, Park Lane, London: speakers include Mr. David Howell, Secretary for Energy, and Mr. Harald Norvik, Deputy Minister for Petroleum and Energy, Norway.

Overseas: Mr. Francisco Sa Carneiro, Portuguese Prime Minister, begins two-day visit to Belgium.
Mr. Reza Salimi, Iran's

Economy and Finance Minister, continues visit to Moscow for talks on price of Iranian gas piped to the Soviet Caucasus.

European Parliament in session, Strasbourg.
PARLIAMENTARY BUSINESS
House of Commons: Debate on

Ferranti: Opposed private business will be taken at 7pm. Afterwards, consideration of Lords Amendments to the Industry Bill.
House of Lords: Debate on the principle of comparability in wage settlements. Coroners Bill, second reading. Licensing

(Amendment) (No. 2) Bill, report stage. Debate on the future of the Development Commission.

Select Committees: Foreign Affairs. Subject: effects of British foreign policy on Soviet expansion in Afghanistan. Witnesses: Lord Home of the Hirsel (Room 15, 10.30 am). Energy. Subject: Government's statement on the nuclear power programme. Witnesses: Mr. Anthony Wedgwood Benn, Friends of the Earth (Room 8, 10.45 am). Industry and Trade. Subject: Import and export

trade. Witnesses: National Enterprise Board, Dunlop (Room 18, 10.45 am). Public Accounts. Subject: (1) run of Efta site, Vauxhall; (2) installation facilities. Witnesses: (1) Property Services Agency; (2) Scottish Development Department (Room 16, 4 pm). Transport. Subject: Channel link. Witnesses: Eurobridge Project (Room 17, 4.15 pm). Treasury and Civil Service Department. Witness: Sir Robert Armstrong.

OFFICIAL STATISTICS
Indices of average earnings (April) and basic rates of wages (May).
COMPANY MEETINGS
See Page 22.

Our firsts have lasting effects

- | | | | |
|-------------|--|-------------|---|
| 1653 | First free public library in Europe. | 1894 | First inland city to become major seaport by constructing ship canal. |
| 1919 | First artificial splitting of the atom, by Rutherford. | 1929 | First municipal airport in Britain. |
| 1948 | First successful run of a stored computer programme. | 1952 | First working smokeless zone in Britain. |

1980

First British city to hold its own industrial and commercial exhibition in Brussels.

THE OPTIMUM CHOICE EXHIBITION

Europa Hotel, Brussels.

June 25 and 26, 10.00 hours - 17.00 hours

and see for yourself why Manchester is the optimum choice for marketing, manufacturing and distribution.

I am unable to attend the exhibition but would be grateful if you would send me a free copy of 'The Optimum Choice' booklet—an independent survey on marketing, manufacturing and distribution in and from the City of Manchester.

Name Position

Organisation

Address

Please tick preference English French German

To: Jack Hadwen, M. Inst.M., Director, Industrial Development Unit, City of Manchester, Town Hall, Manchester M60 2LA, England.

Robertson Foods growth slows in second six months

A SLOWDOWN in the second half meant that Robertson Foods finished the year to March 31, 1980, with a taxable profit of £508,000, higher at £2,556m. Midway, the pre-tax surplus rose by £354,000 to £1.12m, and the directors expected a substantial improvement in the full-year outcome.

Turnover increased from £80.14m to £84.88m. Interest rose to £1.63m (£1.02m).

Trading in the group's traditional markets has remained difficult and will continue to be so during the forthcoming recession as its customers fight for market share at the expense of both their own margins and those of the manufacturers, the directors say.

However, both Viola Foods in breakfast cereals and Unilever Foods in home brewing products had a very successful year. Overseas satisfactory progress was seen at the French canning subsidiary and the associate in Holland.

The UK export marketing company faces a continuing problem with the strong pound, the directors say, but they expect it will ease even in the current year.

James Robertson and Sons Preserve Manufacturers—the major subsidiary—is undergoing a major reorganisation involving the closure of its Bristol factory, they state. The reshaping is proceeding on schedule and will be completed in the autumn, following which the Bristol site will be prepared for sale.

The benefits will begin to flow through in the current year but will not be fully felt until 1982.

Capital expenditure for the year's future prosperity will be reduced despite the fact that it is essential tight controls on the use of cash in subsidiaries continue in the current economic climate, they add.

The net total dividend is 10p, higher at 8.33p (1979), with a final of 4.93p. Earnings per 25p share rose from 11.82p to 20.62p, a substantially lower target of £142,000 (£557,000).

comment
The pruning process must continue at Robertson Foods, despite the rise of a quarter in pre-tax profits. Negotiations are already noted for the sale of the group's Quantock division to Ewer Foods. The disposal would be ironic since Quantock is Robertson's up-market division and this is the area of the food market currently producing useful margins and showing some growth. Yet Quantock's

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are to be paid or not, and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interim: Anglo Television, Dupe International, Enter Jette (Jewell), Robert Kitchen Taylor, Scottish American Investment, Westland Aircraft.
Final: Allied Investment, Ariel Industries, Gail and Sims, Alkali Tin, Brownlee, Downes Surgical, Maurice James Industries, Johnson Mathew, Tasso Stores, Transwood, Triple Foodies, J. W. Wessell.

FUTURE DATES
Great Northern June 15
Dentally International June 20
Ladies Pride Nurseries June 15
Whitings June 26
Final: Attwood Garages June 20
Sedley of Yorkshire June 22
Sangre June 23
Electrocomponents June 26
Latham (James) June 4
Norse June 27
Redland June 28
Renold June 28
Reynolds June 1
Stirling Industries June 18

canning operations have been eating up cash and the whole operation is showing no profit. Most important, the group's balance sheet indicates gearing of around 75 per cent and the position would be much improved by the sale. The slimming down process is already well underway. Jam producing capacity has been cut by the closure of the Bristol plant, which produced an extraordinary profit of £1.1m last year and may cost a further £1m in 1980.

Offsetting this to an extent is an expected book surplus of around £0.5m on the sale of the plant. The benefits of the rationalisation should begin to appear by next year but the volume jam market remains difficult. The fully taxed p/e of 10.8 at 117p is assuming a lot of the expansion of the profitable cereals division and the scope to lift returns from exports and overseas operations. The roughly maintained dividend yields 8.1 per cent.

TRIPLEVEST
Net asset value per £1 capital share of Triplevest Investment Trust, amounted to 360p as at May 31, 1980. This compares with 401p as at February 28.

Ladies Fashion group Polly Peck (Holdings) yesterday requested a temporary suspension of its shares pending an announcement. This will relate to an expansion of the group's activities, but no details were disclosed.

The company's shares have attracted considerable speculative interest recently, particularly in the past week, which has seen its market price rise by 15p to 71p at the end of the week. On Monday, the price gained another 12p to close at 83p, valuing the company at £4.3m in the market.

This is a 1980 high for Polly Peck, whose shares had been languishing at 6p in January this year before announcement of a takeover offer in February by Jersey-based Restro Investments for all of its issued capital at 9p a share.

Restro is a private investment company controlled by Mr. Asif Nsdir, chairman and managing director of clothes wholesaling group Wearwell.

The bid was successful, and left Restro with a controlling 59 per cent interest in Polly Peck.

Restro expressed its intention at the time to maintain and develop the business of Polly Peck. The share suspension is thought to precede Peck's acquisition of another business.

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of £29,000 for the half-year to September 1979. The company has paid no dividends since 1975. Apart from the manufacture of ladies clothing, Polly Peck also operates a chain of 33 "shops within a shop" in established groups such as Debenhams and House of Fraser.

Grand Met intends to propose to Liggett a merger or a wholly owned subsidiary of GM subsidiary corporation with and into Liggett pursuant to which Liggett would be the surviving corporation. Holders of shares of Liggett's common stock, convertible preference stock and 7 per cent preferred stock, other than Grand Met or its affiliates, would receive \$68 cash per share of common stock, \$152.62 cash per share of convertible preference stock and \$70 cash per share of 7 per cent preferred stock.

It is proposed that the merger, which would require approval of Liggett's shareholders, be consummated in early August.

WEDD/SMITH
Wedd Duracher Mordant, the London-based stockbroker, is

not material in relation to the net assets of Medishield's holding company, BOC International.

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The Kuwait Investment Office bought 110,000 Burmah Oil Company shares on May 28, making its interest 7.24m shares (5.03 per cent).

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Singer and Friedlander directors are now hopeful that the bank's future will be decided before Christmas.

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MEPC—C. J. Benson, director, has disposed of 55,000 shares at 215p. He now holds 400,000 shares in his own name. 257 profit sharing scheme and 30,538

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Referring to Caparo's offer of 16p a share—it already owns just over half the voting capital—the company noted that the market price on June 13 was 20p. But it felt Caparo would probably not make a higher offer, nor was a bid from anyone else likely.

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Strand Riley Drummond—B. S. Levi, director, has taken up his entitlement under company incentive scheme, of 65,002 shares. He has subsequently sold 100,000 shares. Simco Supermarkets has completed purchase of 38,550 shares making its holding 29.99 per cent.

Britannia Arrow Holdings—London Trust Company holds 11m ordinary (14.62 per cent).

Second City Properties—Control Securities has purchased a further 137,000 ordinary shares, bringing its total holding to 1,484,500 representing 10.86 per cent of the equity.

Edinburgh General Insurance Services—London Trust, the investment group, now holds 9.2 per cent of Edinburgh General, in which the U.S. agriculture and insurance group, Cook Industries, acquired a near 30 per cent stake late in May. The shares had been held by Mr. Graham Ferguson Lacey.

F. Miller (Textiles)—Aberdeen Trust has acquired 120,000 ordinary shares making holding 550,000 (5.09 per cent).

Companies and Markets **UK COMPANY NEWS****Over 18% advance by EIO despite underwriting loss**

STRONG growth in investment income in the year to February 28, 1980 more than offset a decline in underwriting and enabled the Ecclesiastical Insurance Office to record pre-tax profits up by a fifth for the year. Gross premium written in the general business advanced by 20 per cent to £17.85m and net premiums by 18 per cent to £11.5m. But an underwriting loss of £123,000 was recorded against a £53,000 profit in the previous year.

Mr. Alan Grant, the chairman of EIO, in his operational review, expressed disappointment at this downturn. But he stated that in recent market conditions this

result was not surprising and was better than that of many British insurers. Investment income rose by nearly 50 per cent on general funds, from £1.3m to £1.93m and pre-tax profits were over 18 per cent higher at £1.88m. This improved result enabled the company to increase the amount of its charitable grants from £278,000 to £325,000. Profit after tax amounted to £768,000 compared with £549,000 in the previous year.

The EIO is owned by Allchurches Trust, registered as a charity. It is a leader in insuring church and independent school property. But Mr. Grant

points out in his statement that although the company is still committed to the service of the church, the success of its diversification policy now results in more than half its business coming from non-church connections.

Premium income to the Life Fund, which operates on a mutual basis, rose by nearly 40 per cent over the year from £2.2m to £3.17m, while investment income was one-third higher at £1.6m against £1.18m. Claims, expenses and taxation were over 30 per cent higher at £2m, so that the life fund stood at £16.9m at the end of the year against £13.9m at the beginning.

Blue Circle up 96% in S. Africa

BY JIM JONES IN JOHANNESBURG

BLUE CIRCLE, the South African cement, heavy engineering and engineering contracting group which is 55.1 per cent owned by its British parent, increased pre-tax profits by 96.7 per cent to £74.4m (£4.5m) in the six months to May 31, 1980.

This compares with £4.01m in the first six months of the previous year and £18.22m for the whole of 1979. Turnover figures are not provided at the interim stage.

An interim dividend of 9 cents has been declared compared with an interim of 5.5 cents and a final of 14.5 cents in 1979. Earnings per share increased from 11 cents to 22.6 cents.

Although the company warned that the second-half growth rate will be lower, it expects earnings to be significantly higher than 1979's record 45.9 cents per share. Cement remains at the centre of the group's operations, providing some 50 per cent of pre-tax profit and about 20 per cent of 1979's £203m turnover. With completion of a R30m plant scheduled for November, 1981, annual cement manufacturing capacity will be doubled to 800,000 tonnes.

Mr. Trevor Coulson, managing director, expects higher sales volumes and improved profit performance from most operating divisions, but warns that the mechanical and contracting division could end the current year with a small loss arising from claims and rectification costs on past contracts. In 1979 mechanical contracting contributed 14 per cent of group profits.

Mr. Coulson is confident, however, that Blue Circle will attain its financial targets. In particular he believes that this year will result in a return before interest and tax of 16.5 per cent on average gross assets employed.

Hinton starts well but warns on margins

THE CURRENT sales performance at Amos Hinton and Sons, food and drink retailer, is encouraging, there is improved productivity and the group's plan designed to improve operating

methods is nearing completion, Mr. D. A. Hinton tells shareholders.

However, the group faces a year in which cost-inflation will be greater than that on the products the group sells, the chairman says. This will inevitably put more pressure on margins, already threatened by new competition.

For the year ended March 31, 1980, pre-tax profits were down from £13.8m to £978,000 on sales of £76.71m against £85.34m. CCA profit is reduced to £590,000 after adjustments for depreciation, £308,000, monetary working capital, £896,000, cost of sales, £716,000 and £35,000 gearing. Capital expenditure during the year totalled £23.1m. Of this sum, investment in freehold property accounted for £10.7m while a further £306,000 was spent on new store equipment and major replacement programmes for three of the existing stores.

In the current year, £1.9m is budgeted for capital expenditure of which a major part is for the development and fitting out of the new Northallerton store. Meeting, Thornaby, Cleveland, July 7 at 2.30 p.m.

Accelerated fall in second half leaves Beechwood at £0.5m

AFTER slipping back £70,335 to £254,202 at midway, pre-tax profits of Beechwood Construction (Holdings) declined further in the second half of the year to March 31, 1980, finishing at £501,815, compared with £704,255.

The net dividend is increased to 2.2p (2.0748p) with a final of £1.58p.

Turnover of the civil and mechanical engineer rose from £9.81m to £11.3m, and the surplus is struck after depreciation of £451,423 (£474,246) and higher interest charges of £367,597 (£247,587).

Profit margins suffered as a result of cutbacks in the public sector as well as in private investment and the heavy increases in wage, material, transport and fuel costs, states Mr. John Downing, the chairman.

But the group came through a difficult year in sound financial shape, and in the circumstances the pre-tax profit was a reasonably satisfactory performance, he adds.

The mechanical engineering side was adversely affected by the engineering and steel strikes. After tax of £27,954 (£36,897) and minorities, the attributable profit is £443,097 against £348,754. Stated earnings per 10p share are 7.2p (10.5p).

THE STRONG pound, inflation and competitive pressures delaying price rises affected results of James Burroughs in the year to February 29, 1980, and pre-tax profits fell from £3.35m to £2.78m.

There was a substantial increase in turnover to £13.2m compared with £5.85m.

After tax lower at £142,513, against £201,839, stated earnings per 25p share are up from 8.65p to 14.88p, and the final dividend is raised from 1.5251p to 2.4p for a total of 3.25p (3.5091p) which included a special interim of 0.434p).

Turnover including duty of the group, which distills and markets Beechwood Gin and Beechwood Vodka, increased to £34.89m (£31.63m).

Mr. Alan Burroughs, chairman, says the second-half profits of £1.54m were better than expected at the interim stage. Selling prices have been raised since the year end and profits in the current year should reflect an improvement in margins and controlled expansion in the company's activities, he adds.

A second interim dividend of 3.924p, net payable on July 1 lifts the total to 5.544p, compared with 4.824p. Shares of the group are traded on the Over the Counter market run by M. J. H. Nightingale and Co.

Northern Goldsmiths climbs

With second half pre-tax profits advancing from £337,340 to £429,712, Northern Goldsmiths Company, retail jeweller, book-making services and finance group, reports an increase from £453,218 to £648,330 for the full year to February 29, 1980.

There was a substantial increase in turnover to £13.2m compared with £5.85m.

After tax lower at £142,513, against £201,839, stated earnings per 25p share are up from 8.65p to 14.88p, and the final dividend is raised from 1.5251p to 2.4p for a total of 3.25p (3.5091p) which included a special interim of 0.434p).

Still a long haul for Australia's uranium

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S discoveries of uranium made at the beginning of the 1970s, notably in the Northern Territory, were the envy of the world. At a time when uranium oxide prices were riding high and the early growth of nuclear power seemed assured, the Australian finds were of an unequalled size and grade.

Unhappily, procrastination engendered by political and environmental argument held up the development of this great national resource. Elsewhere in the world uranium mining development proceeded and then the market for the material began to soften as it became apparent that the growth of nuclear power industry would be much slower than had been earlier envisaged.

In 1978, Mr. Doug Anthony, the deputy Prime Minister of Australia, was moved to say, "what we have to consider is to what extent we can allow a small group of people, a manipulated group, to stand in the way of a development of tremendous national and international significance."

His words were to little avail. By then Australia had missed the early boat and competitors in South Africa, Namibia and Canada had the advantage over the still undeveloped uranium mining potential in the Northern Territory. They still do.

Of the four major finds in the Northern Territory, the big-est of them all is the Jabukla deposit of the Anglo American Gecor OI, which still awaits official permission to start on the road to production. So does Noranda's Ranger property.

The Ranger deposit of EZ Industries and Anglo-Wallend is going forward but is not scheduled to reach production until October of next year. But, as reported here yesterday, the relatively small Nabarlek operation of Queensland Mines has just started production.

Although Ranger and Nabarlek already have sizeable sales contracts arranged, the Australian uranium mining industry must pin most of its hopes on the market revival that still seems to be some years ahead, especially now that world coal is now filling the energy gap to a greater extent than without too much environmental objections—than was earlier envisaged.

But hope springs eternal and Sir Charles Court, premier of Western Australia, said yesterday that his state could be a supplier of uranium to Japan by the middle of this decade. He was specifically referring to Western Mining's uranium deposit at Yallalie.

Sir Charles conceded that Japan's immediate uranium needs were well covered, but he argued the longer term requirements augured well for Western Australia as a supplier later in this decade. Hopefully they do, but Australia's potential uranium

mining industry, which could have been in full production long before now, faces a long haul to prosperity.

Rhodall issue in Zimbabwe

AFTER being heavily over-subscribed in the Zimbabwe issue market, the Anglo American Corporation group's chron subsidiary, Rhodall, opened a small premium of 10.4 per cent on the Zimbabwe stock exchange yesterday.

Rhodall's public issue was the first in Zimbabwe for five years and investors subscribed to more than four times the shares on offer.

Offered at 125 cents (85p) they opened at 138 cents, then rose to 140 cents and then closed at 138 cents. Turnover was estimated at 275,000 shares, more than 9 per cent of the 3 million shares offered.

The Anglo American group has been criticised for its decision to offer only 12 per cent of the Rhodall equity to the Zimbabwean investing public. The normal stock exchange listing requirement is 30 per cent, and the fact that the issue was more than four times subscribed has been interpreted as evidence that the market was willing to take up far more shares than were offered.

Hartogen's latest success

BY STEPHEN THOMPSON

THE KINCORA No. 19 well drilled by Hartogen Energy in Queensland's Surat Basin is to be completed as a gas-producing well. Kincora 19 was drilled 900 metres north of Kincora 18 which encountered unexpected oil indications earlier this year.

Hartogen Energy has a 100 per cent interest in the Kincora gas field, subject to royalties totalling 14.65 per cent and a 10 per cent net profit interest held by Australian Oil and Gas Corporation.

Drill stem tests of the Kincora 19 in the interval between 1,463 to 1,500 metres flowed gas at 24,360 cu metres a day.

Other flows, accompanied by a

heavy mud and filtrate spray, were recorded at the rate of 70,000 cu metres a day during drill-stem tests of two separate reservoirs between 1,397 and 1,410 metres.

Mr. P. N. Burke, Hartogen's chairman, said that the low rates encountered so far will increase when the well is on production and has been cleaned up.

The next well to be drilled in the Kincora field, the Kincora No. 20 well, will be located 900 metres north west of the Kincora 15 well. Kincora 15 flowed natural gas from three separate zones.

A further well to test the

extent of the Kincora 15 oil field is also being planned.

Weeks Petroleum, a Bermuda-based oil and gas exploration and production company, expects to start drilling operations in its East China Sea exploration area next month.

This follows extensive seismic exploration work on the concession in which Weeks has an 8 per cent interest. The concession is located offshore Japan and the Republic of Korea and has an area of 22,000 sq miles.

The first well in the area which contains two sedimentary basins will be drilled to a depth of 3,000 metres.

Record Year for EDITH

At the Annual General Meeting of Estate Duties Investment Trust Limited on 17 June, the Chairman, Lord Seeborn said:

"During the year under review the sum invested was again a record at £3.4 million. Since 31 March we have already invested over £1 million in new business, including £161,000 by the issue of new EDITH shares."



Resolutions were passed increasing the net dividend for the year to 2.3p per share (compared with 2.1p last year before a 1-for-10 capitalisation issue) and approving a further 1-for-10 capitalisation issue in the current year. At the end of the meeting Lord Seeborn handed over the Chair to Lord Caldecote, who succeeded him during the year as Chairman of Industrial and Commercial Finance Corporation Limited, the Managers of EDITH. Lord Seeborn remains on the Board.

Net Revenue before Taxation rose from £2,553,000 to £2,979,000 in the year to 31 March 1980. Lord Seeborn's published statement included the following points:

- * Our Net Revenue after Taxation was 20% higher than in the previous year.
- * Issues of our own shares in exchange for shares in seven customer companies represented 3% of our share capital and 45% of our new investment in the year.
- * Your directors expect to maintain a 2.3p net dividend rate on the increased share capital following this year's further 1-for-10 capitalisation issue.
- * The latest Budget included proposals to remove the burden of tax from any capital surpluses realised by approved investment trust companies such as EDITH.

ESTATE DUTIES INVESTMENT TRUST LIMITED purchases minority stakes in unlisted companies, enabling shareholders to raise sufficient cash to meet tax and other personal liabilities without having to sell control.

Copies of the Report and Accounts and further information are available from the Secretary, ESTATE DUTIES INVESTMENT TRUST LIMITED, 91 Waterloo Road, London SE1 8XP. Telephone: 01-528 7822.

The Property and Reversionary Investment Corporation Limited

Results to 31 March	1980	1979
Profit before tax	£1,877,000	£1,260,000
Earnings per share	4.5p	3.2p
Dividend per share	2.55p	2.04p
Undistributed profit	£428,000	£248,000
Dividend cover (excluding extraordinary item)	1.59	1.58
Net assets per share	204p	184p

Points from the statement by the Chairman, Mr Alfred Rubens FRICS

- * Property revaluation at 31 March 1980 19% up on previous year.
- * Developments in hand include 40,000 sq. ft. at Sutton and joint development of a 17 acre industrial site at Frimley.

Copies of the report and accounts may be obtained from the Secretary of the Company at Albany House, Petty France, London SW1H 9EE.

**DERITEND****GROUP ACTIVITIES**

Manufacturers of drop forgings, pressings and investment castings in ferrous and non-ferrous metals. Electrical installation, repairs and electrical surface heating.

RESULTS

Year ending 28th February	1980	1979
Turnover	£200	£200
Profit before Taxation	35,123	30,911
Profit after Taxation	1,922	1,363
Div. Dividends per share (Actual)	12.7p	11.82p
Earnings per share	56.7p	38.1p

MR. D. J. MEAD, CHAIRMAN, REPORTS Trading profit for the year increased by 50%, from £1,501,000 to £2,256,000, and turnover by 14% to £35,123,000. Profit before tax was 41% higher after higher interest charges.

The final result from the Forging Division was a substantial improvement on the previous year despite the crippling impact of the engineering and steel strikes. Growth potential is considered to be good in all areas of the Casting Division and investment in new plant and equipment will continue. An overall improvement took place in the Manufacturing Division but in the Electrical Division the final results were somewhat lower than expected.

Copies of the full Statement and Accounts can be obtained from the Secretary.

THE DERITEND STAMPING COMPANY LTD., St. Richard's House, Victoria Square, Droitwich, Worcestershire WR9 8DS.

FRANCIS SUMNER (HOLDINGS) LIMITED

Extracts from the Chairman's Statement

- * 1979 turned out to be a disappointing year for the Group, particularly in the second half when trading conditions worsened. The exception was the plastics company, which had another good year and continues to expand.
- * Your Board recommends a final dividend of 0.1p which, together with the interim of 0.59p, makes a total of 0.69p for the year.
- * Over the last few months a complete review of the Company and all its operations has been carried out. This has resulted in the formulation of plans to reorganize and rationalize certain parts of the Group, and these are now being implemented. The Board believes that the plans laid down will form a new basis for sound growth and development—both organically and through acquisition.

VISJAR

PLASTICS

SUMNER

PRODUCTS

SUMNER TEXTILE

SERVICES

European Coal and Steel Community ("ECSC")

Belgian Francs 500,000,000—

Medium Term Loan

Manager

CREDIT LYONNAIS—AGENCE DE LUXEMBOURG

Co-Managers

Kreditbank International Group

WestLB International S.A.

Provided by

Banco di Roma International S.A. Luxembourg

Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg

Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg — Banque de l'Etat

Crédit Industriel d'Alsace et de Lorraine Succursale de Luxembourg

Crédit Lyonnais — Agence de Luxembourg

Den Danske Bank International S.A.

Kreditbank S.A. Luxembourggoise

WestLB International S.A.

Agent

Crédit Lyonnais — Agence de Luxembourg

May 1980

Caisse Nationale de Credit Agricole U.S.\$50 million Floating Rate Notes due 1984

In accordance with condition No. 11 of the Notes, notice is hereby given that for the six months period 17th June 1980 to 17th December 1980 Notes will carry an interest rate of 9½%

Relevant interest payments will be as follows: Notes of U.S.\$1000 = U.S.\$46.70



FIRST CHICAGO

THE FIRST NATIONAL BANK OF CHICAGO

Agent

FINANCIAL TIMES SURVEY

Wednesday June 18 1980

JORDAN

Political stability and strong economic growth without the benefit of oil have made Jordan an Arab nation with a difference. King Hussein's pragmatic policies have trodden a careful path in the minefield of Middle East politics, providing steady pressure for just solutions to the Palestinian problem and other questions.

Eye on balance of power

By Roger Matthews

AMMAN, the fast growing capital of Jordan, has become in the past few years perhaps the best single Middle East city from which to assess the overall mood of the Arab nation. Jordan watches, charts and monitors the ebb and flow of inter-Arab and international relationships with an intensity that reflects its obvious vulnerability to external events.

That Jordan today should appear as one of the more stable Arab countries and one that without the benefit of indigenous oil is enjoying strong economic growth is a tribute to the diligence of the ruling Hashemite monarchy. King Hussein, still only 44 and in his 28th year as the constitutional but absolute monarch, has by the very longevity of his rule and his survival in the face of severe pressures, achieved a degree of popular respect that is itself a stabilising factor.

Failure to understand that King Hussein will not act in sharp defiance of the perceived

balance of power in the Arab world, except when his own survival is at stake, has led to much of the misunderstanding about Jordan's putative role in the Egyptian-Israeli peace efforts. The U.S. Administration was right to consider the King basically sympathetic to the West; moderate, pragmatic, and willing to participate in a negotiated settlement to the Middle East crisis. It was entirely wrong to believe that he would associate himself in a process that did not in advance assure him of Israeli willingness to withdraw from the territories it occupied in the 1967 war. It was an even bigger error to suppose that the King would do so in opposition to the majority of the Arab world.

The dismay in Amman at Washington's insensitivity to Jordan's requirements and the hectoring style of National Security Council adviser Mr. Zbigniew Brzezinski have contributed to the chill in relations between the two countries. Jordan will not be persuaded of the overwhelming importance of the Soviet invasion of Afghanistan as a threat to Middle East and world peace when it sees the United States actively assisting Israel to prevent the exercise of self-determination for 1.2 million Palestinians living on the West Bank and Gaza Strip.

The more pressing fear is that Israel's open defiance of the United States by insisting on building yet more West Bank settlements and moving into totally Arab towns will further inflame passions and diminish

the effectiveness of moderate West Bank leaders. This could in turn spill over into Jordan, where over 50 per cent of the population would consider itself to be Palestinian rather than Jordanian.

Such radicalisation is an ever present anxiety in Jordan. The Government was aware from the moment the Camp David accords were signed by Egypt, Israel and the U.S. that Arab moderates would have their backs against the wall and this partly explains why Jordan was the first to break relations with Cairo after the separate peace treaty was agreed. Jordan's confirmation of its pan-Arab sentiments and its support for Palestinian rights were appreciated by its neighbours, not least Iraq which, with its oil revenues and regional leadership ambitions, has moved smoothly and effectively to cement a closer relationship with Amman.

Studies

An agreement signed earlier this month provides for substantial Iraqi investment in Jordanian infrastructure, particularly at the Port of Aqaba and in the extension of the country's cross-desert road system. Iraq has also agreed to feasibility studies on extending Jordan's agricultural areas and of supplying drinking water to Amman.

This is in addition to total Arab support of \$1.5bn a year that Jordan was pledged at the Baghdad summit in November 1973, and the drawings the

Amman Government can make on other Arab funds.

To this extent the political draughts felt by Jordan when President Sadat of Egypt was ejected from the Arab League have been compensated for by increased economic support. However, the sight of politically conservative Jordan falling into the orbit of radical Iraq while at the same time hinting of possibly closer links with the Soviet Union is not one that can be cheering for the Western Alliance.

Neither is there much sign that in the short term the process can be reversed. Publicly Jordan is hopeful that a Western European initiative could replace the failed Camp David exercise, but privately few leading Jordanians believe that the U.S. is ready to admit failure and until that happens the Europeans will not move.

King Hussein's own efforts to promote some minimum Arab consensus on a Camp David alternative have receded almost totally since the Arab summit in Tunis last November and with bi-lateral squabbles breaking out throughout the Arab world the chances of resurrecting it are minimal.

Morocco is fighting Algeria, the Libyans are falling out with almost everyone, the present Tunisian regime is probably moving towards its close, Egypt is isolated, the Lebanon is in turmoil, the Syrian regime is under heavy internal pressure, Iraq and Iran are coming to blows, the Saudis and Gulf States are bewildered and fearful. So it is small wonder that the Jordanians are despairing

of ever achieving united Arab action.

When this coincides with an Israeli Government such as that led by Mr. Menachem Begin and a U.S. Administration headed by President Carter, the gloom and frustration in Amman becomes even more apparent.

Atmosphere

It is perhaps partly in response to this atmosphere that the King appointed his principal adviser, Mr. Sharif Abdul Hamid Sharaf, to head a new Government last December. The new Prime Minister, who comes from the Iraqi branch of the Hashemites and was considered a radical in his youth, has brought a distinctly socialist tint to the Government with his emphasis on social justice, fairer distribution of wealth and "the rationalisation of consumption"—or, as one Amman cynic put it, "a clampdown on the imports of frogs' legs from France."

Such cynicism apart, the Government does clearly feel the need to reduce the growing gap between lower income groups and the wealthy minority whose new luxury homes are eating into the fertile agricultural land around the capital. The Government also wants to initiate a devolution of power to the regions in an effort to stem the threat of Amman becoming virtually a city state.

It is talking about carefully controlled elections to small mini-Parliaments that would involve local people in the

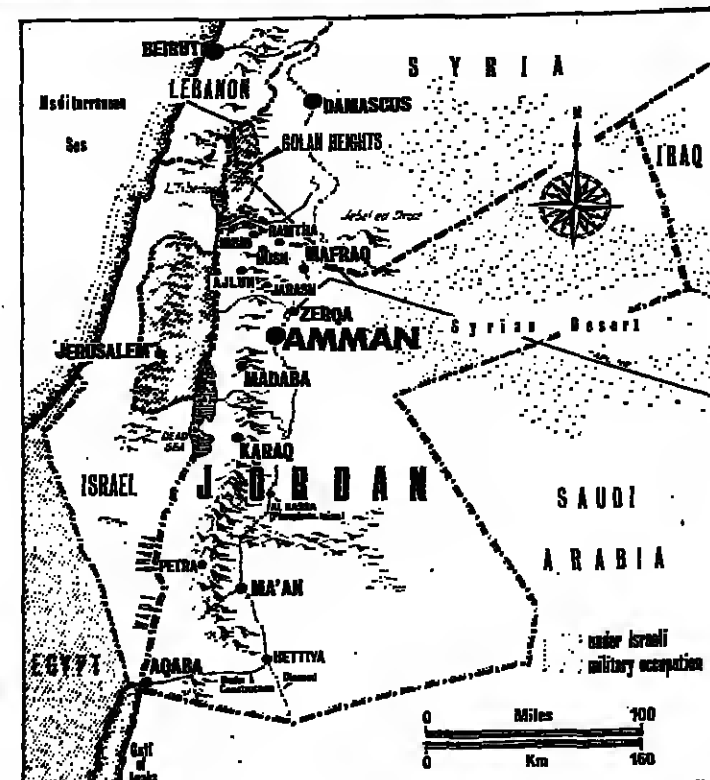
CONTENTS

Economy	II
Financial sectors	II
Industry	III
Labour	III
Planning	IV
Agriculture	IV

decision-making process. But in a country where no political parties or genuinely representative institutions are permitted this might be the start of a slippery slope on to which the King would ultimately hesitate to place his foot.

At the heart of this problem are the Palestinians. The tens of thousands still living in refugee camps may find life in Jordan relatively tolerable but they owe no allegiance to the King and are only waiting for the day they can return to their homes in Palestine. They are permitted no political activity and are watched closely by the regime's efficient security apparatus.

Other Palestinians who have benefited more from life in Jordan would also consider themselves merely temporary residents. A third category, either by political choice or by growing affluence, have had their radical nationalistic edge blunted and, in the bitter words of one Palestinian: "Have sold out to the Hashemites." Until the day that a West Bank State



is formed no-one can be entirely sure who belongs in which category and this must remain a major restraining factor in King Hussein's assessment of the political organisation of the country.

So too are relations with the Palestine Liberation Organisation. The Egyptian Israeli treaty brought a cautious rapprochement between King Hussein and PLO Chairman Yasser Arafat but the wounds of 1970 and 1971, when King Hussein's troops drove the Palestinian guerrillas out of Jordan, are far from properly healed.

Rumours

The PLO now has a West Bank liaison office in Amman but despite occasional rumours there is little, if any, likelihood that the King will ever again permit armed Palestinians to be based in Jordan or to undertake cross-border raids into Israel.

The Jordanian authorities appreciate the difficult balancing act that Mr. Arafat maintains. But they admit frustration at not being sure out of which corner of the mouth he is speaking when he talks to them. Similarly, Mr. Arafat cannot be sure of King Hussein's precise intentions in relation to the West Bank. Jordan sur-

vived and recovered strongly from the political and economic blow of being driven out of the West Bank in 1967 but the pressures could conceivably be more intense if ever an independent West Bank and Gaza State was formed.

King Hussein therefore works hard at enhancing his contacts with West Bank leaders and would probably be prepared for some formal link with the area should a transitional period be arranged before the local inhabitants were given the right to decide their own future status. But it is not in the King's interests, any more than it should be in the interests of Israel, for moderation on the West Bank to be replaced by a virulent radicalism.

It is in that direction that the Jordanian regime fears the most potentially eruptive region of the Middle East is heading. As host to the next Arab Summit in November, King Hussein will again be pleading for joint Arab action. But as the leader of a small country with little indigenous wealth he has only a remote chance of influencing events. The best that Jordan and the King can hope for is to stay centre-stream—a course that with only occasional aberrations has been steered with notable success for the past two decades.

ARAB BANK LTD.

DOYEN OF MIDDLE EAST BANKING

ESTABLISHED 1930
IN JERUSALEM

GENERAL MANAGEMENT : AMMAN, JORDAN

Statement of Condition as at 31st December 1979
in Jordan Dinars. One J.D. = 3.4 U.S.\$

CAPITAL & RESERVES	61,025,615
DEPOSITS	1,187,965,780
TOTAL ASSETS	1,958,568,647

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Contradictions in vigorous economy

THE JORDANIAN economy suffers from many of the contradictions that are perhaps endemic to a small non-oil producing country located at the geographical heart of the Arab-Israeli conflict. It is a Third World developing nation, yet it is in the midst of a vigorous consumer boom. It has a frighteningly wide balance of trade deficit, but a remarkably healthy balance of payments surplus. It has to bring in often unskilled workers from less developed countries, while losing a high proportion of its own skilled labour to its oil-rich neighbours. It has to maintain a large and well-equipped standing army but complains of a serious manpower shortage. It is on better terms with the rest of the Arab world than any other single country, yet pays the same for its crude oil imports as anyone else.

These same contradictions might however also be Jordan's strengths, if the more positive aspects can be used to buy the time for the country to develop its own indigenous resources that would eventually lessen its dependence on external support. The twin pillars of the Jordanian economy are the flow of aid and concessionary loans, mainly from the Arab oil-producers, and the remittances sent back from its workers abroad. Together, these two items amounted last year to more than \$2bn, or approximately five times the value of the country's exports.

Response

The external aid flow has been transformed by the Arab response to the Egyptian-Israeli peace treaty. At the Baghdad summit meeting in November 1978 it was agreed to provide Jordan with \$1.25bn annually for 10 years as part of the package given to the countries directly facing Israel. Last year Jordan received all but about \$211m of its allotment and the bulk of the first tranche for 1980 is understood to have been paid on time.

As the donors intended, this reflected immediately in Jordan's arms-purchasing programme, with over 250 Chieftain tanks now on order from Britain and 24 Mirage fighter aircraft from France. But it also provided for increased budgetary support that showed up in urgently needed 30 per cent pay rises for Government employees and the armed forces together with additional sums for

development programmes. Simultaneously Jordan has been experiencing a further increase in workers' remittances that according to official statistics reached JD 180m (\$520m) last year. However it is widely accepted that cash being brought into the country through non-official channels will have brought this total to nearer \$800m and should this year top the \$1bn.

Jordan's capacity to absorb such sums without seriously heightening already existing inflationary tensions is certain to become of growing concern to the authorities over the next two years. Government policy is to take some heat out of the economy by aiming for a growth rate slightly below the 9-10 per cent average of the past four years while trimming Government expenditure and directing investment into areas that have a higher social impact.

Jordan prides itself on maintaining a relatively free non-socialist economy and is reluctant for the Government to invoke more direct powers for the day to day management of policy. Yet surplus cash in the economy is forcing up the country's import bill, widening the trade deficit and fueling inflation.

Imports rose last year by some 27 per cent to almost \$2bn, and although much of this reflected the increased cost of oil and foodstuffs—which together account for about 50 per cent of the total import bill—there is no discounting the important impact of consumer demand for what might be considered luxury goods. Because of its political orientation the Government seems unwilling to consider a significant increase in customs duties and virtually rules out quotas. The indications are therefore for a continued increase in the trade deficit and at least a slower rise in the rate of inflation.

Should this occur it will certainly not be because the Government is unaware of the danger. Prime Minister Sharif Abdul Hamid Sharaf has repeatedly warned since taking office last December that Jordan was threatening to become a runaway consumer society. He has pledged to cut some 10 per cent from government expenditures while also seeking to trim profit margins in the private sector which, he seems to think, often anticipates inflationary trends and so adds to them.

BASIC STATISTICS	
Area	37,738 sq miles
Population (1978)	2,98m
GNP (1979)	\$2,671.5m
Per capita	\$867
Trade (1978)	
Imports	\$1,234m
Exports	\$296.5m
Trade with UK	
Imports	\$86.5m
Exports	\$7.5m
Foreign exchange reserves	
(April, 1980)	\$1,153m
Currency: Dinar	£=0.687 Dinar

To this end the Government is establishing its own shops to sell basic commodities and some other goods at virtually cost price. The complaints from the private sector are becoming more vociferous and the number of these outlets operating by the end of this year will be a good measure of the Government's political determination. Another test will be what the Government eventually decides to do about subsidies. It was

felt to be politically inappropriate last year to pass on to the consumer all the increase in world prices for oil and foodstuffs, and as a result the subsidies bill climbed to JD 70m (\$203.1m). With the example of Egypt close at hand some ministers are keen to phase out subsidies before they become an established and growing part of the national budget but their hopes of doing so by the end of next year are almost certainly premature.

Emphasis

Room for manoeuvre is similarly limited in monetary policy. Officially the money supply increased by about 26 per cent last year and the Central Bank is having some modest success in mopping up excess liquidity. The base lending rate of 9 per cent, well below world levels, will probably be allowed to increase slightly during the year and greater emphasis will be put on developing Amman as an integrated capital market.

The other main area of Government attack is likely to centre on increasing domestic revenues and especially the overall "take" from direct taxes. Out of total estimated budget revenue for 1980 of JD 436m (\$1,637bn) only a minuscule part will be contributed by theoretically progressive income taxes. Last year

total income tax revenue was little over JD 25m (\$82.5m). Government spending this year is estimated at JD 529m (\$1,744m), an increase of only 3 per cent over 1978 and therefore in real terms a fall of about 10 per cent. However, it has already led to another pay demand from the public sector that was not anticipated when the budget estimates were drawn up. Similar pressures could widen the projected JD 33m deficit, especially if Government departments fail to meet their required spending cuts.

Somewhat to the dismay of the Jordanians these difficulties are felt not to be fully recognised by the international community, which concentrates its attention more on the country's strong external position. For the past four years Jordan has recorded a balance of payments surplus and gold and convertible currency reserves now stand at about \$1.5bn. Last year's overall surplus of \$210m will be at least maintained this year but is more likely to rise because of the continued buoyancy of remittances and a very wet winter that brought to an end four years of semi-drought.

This will lead to a dramatic increase in agricultural production and should limit the rise in this year's total import bill. Additionally the Government is

anticipating a doubling of phosphate production over the next two years, with export earnings climbing to \$200m, a major contribution from the Dead Sea potash project which could eventually be worth \$100m a year, and in the longer term the exploitation of its offshore deposits.

None of these factors are in themselves sufficient to preclude a really significant loosening of Jordan's dependence on external aid flows. But they do show that given the time to build a stronger infrastructure and develop the sort of skills and technical and industrial requirements of the oil-producing countries, Jordan does have the possibility of a more independent economic future.

The Government undoubtedly knows the course it wishes to follow but has no guarantee that external events in the region will allow it to do so. At least in the last report it knew that the very size of Jordan means that in relative terms its economic problems can remain within, by Middle Eastern standards, manageable proportions. As one minister wryly pointed out, the total Jordanian Budget last year was on equivalent to a single day's revenue for Saudi Arabia.

Roger Matthews

Brisk growth in banking and financial sectors

CONTINUING HIGH growth and gradual move into syndicated loans and bond issues are the hallmarks of the Jordanian banking and finance sector this year. The most satisfying aspect of this sector's development for the sudden enthusiasm for locally syndicated loans, indicating an ability to finance most new commercial or development projects from domestic resources.

Since the first such loan was signed on the very last day of 1978, five others have followed. They total only JD 27.2m (\$90m) in volume, but the mere fact that they have been arranged is a major development for local entrepreneurs or industrialists who otherwise could not raise their needed capital locally and would have to turn abroad.

The latest syndication is the most interesting. It is a JD 9m (\$30m), 11-year credit for the state-owned airline Alia. This is, therefore, the largest and the longest such loan ever arranged in Jordan. It carries a fixed interest rate of 9.25 per cent.

Three more syndications are being arranged and should be signed in the next few months. They range from JD 3m to 8m (\$10m to \$26m), for seven years, at an interest rate of 9.5 or 10 per cent. They will finance two hotel projects and expansion of the country's sole cement plant.

According to Industrial Development Bank general manager Ziyad Annab, who has played a pivotal role in the syndications drive, the local bond-market could also develop swiftly if interest rates are attractive. Two bond issues floated last year, for the cement company and the Free Zones Corporation respectively, carried interest rates of 8.5 and 8.5 per cent. It is expected that the rates will have to rise slightly to attract investors tempted by the significantly higher interest paid on dollar and sterling deposits abroad.

Challenge

Central Bank Governor Mohammad Sa'id Nabulsi, however, told the Financial Times that the flight of capital from Jordan remains an insignificant factor. On the contrary, the main challenge facing the financial sector is to find enough productive outlets for available capital. One step the Central Bank has taken to encourage increased commercial bank lending to productive projects, as opposed to inflationary trade and real estate dealings, has been to exempt banks' shares of syndicated loans from the calculations of their credit-deposit ratios. These ratios have to remain below 87.5 per cent, according to a Central Bank directive issued last year.

The high level of capital that keeps flowing into Jordan is reflected in the continuing brisk rate of growth in all aspects of financial activity. The total money supply, for example, grew by 25 per cent last year to reach JD 764m (\$2,854m), while the country's total gold and foreign exchange reserves increased by one-quarter to reach JD 451m (\$1,688bn), in large part accounting for the strong and stable exchange value of the Jordanian dinar.

Commercial bank deposits rose by 32 per cent last year to reach JD 593m (\$2,187bn), while outstanding bank loans rose by a staggering 47 per cent in the past 14 months, to reach JD 489m (\$1,816bn). However, a full 62 per cent of this credit is for the inflationary commerce

and real estate sectors, a ratio that the Central Bank has been trying unsuccessfully to bring down in favour of more credits to the industrial and agricultural sectors. This attempt has included the raising of banks' reserve requirements and the lowering of the credit-deposit ratio, but the old-fashioned commercial banks are largely proving hesitant to shed established—and very profitable—habits.

The emphasis in the financial sector continues to be on expanding the range of available services. In the past two years, negotiable certificates of deposits have been introduced into the market, syndicated loans and even syndicated bid bonds have been arranged, private corporate bonds have been floated, a forward exchange market has been established, and two investment banks have opened their doors, along with the Jordan Islamic Bank. Earlier this year, the Jordan Securities Corporation started its work in the field of securities underwriting and general capital market services.

These changes reflect the steady increase in business at the two-and-a-half-year-old Amman stock exchange, which registered a trading volume of JD 19.3m (\$70.4m) last year. Trading should nearly double this year, judging from the steady increase in the daily

volume. Earlier this year, it jumped five-fold, within the span of a few weeks, as capital fleeing the Gulf area gravitated in part to the safety of the Jordanian economy. But since then, a more normal pace of activity has resumed.

It is the Central Bank's policy to encourage the growth of new banking institutions, while freezing the issue of new commercial bank licenses. The idea of trying to develop an offshore banking market in Amman has been dropped. "We don't believe in offshore banks for Jordan," Central Bank Governor Dr. Mohammad Sa'id Nabulsi told the Financial Times. "Rather, we want to develop a complete spectrum of financial institutions working in an indigenous, integrated capital market."

There is some concern that

the high level of the economy's liquidity is contributing to inflation rate of about 14 per cent a year, but there is a parallel realisation that the amount of capital flowing in the country is not always with the power of the Government's control.

Therefore the Central Bank has accepted the fact that it does not have much leeway to use credit volume as the main anti-inflationary tool, and so the emphasis has been switched to controlling the Government's annual budget and directing investments into productive industrial projects. This year's budget, at JD 529m (\$1,744bn), is a decrease in real terms in last year's after inflation is accounted for.

Rami G. Khouri

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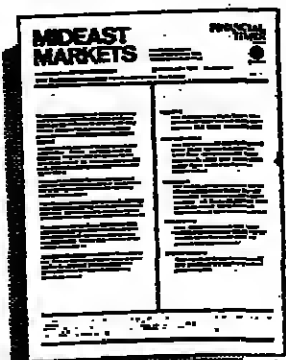
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FINANCIAL MIDEAST MARKETS



JORDAN III

Huge growth by industry

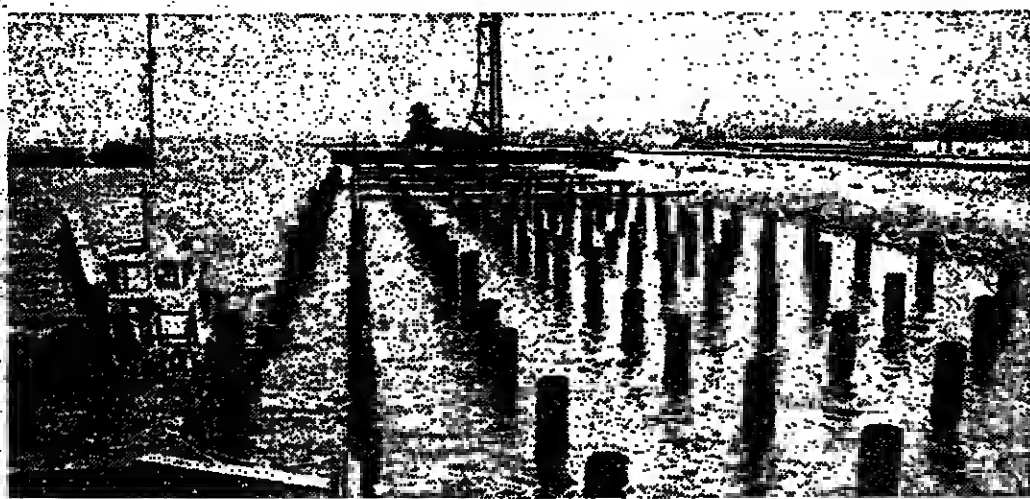
IN A country totally dependent on imported oil, and suffering a tight labour market and high inflation, one would not expect to see an economy on the verge of a major expansion in industrial output. But this is precisely the case in Jordan, reflecting the careful, plodding manner in which public and private sector forces have tried to exploit these few industrial resources that the country does have.

The industrial sector has been stated to show the largest sectoral growth in the current 1979-80 five-year plan, rising by 26 per cent a year to increase its share of GDP from 15.6 to 26 per cent by the end of this year. Total investments in industry and mining have been projected at JD 229m (\$756m), or a full 30 per cent of all plan spending.

The preliminary statistics for 1979 show that mining and manufacturing account for 18.8 per cent of GDP, well below the plan target. But this is a deceptive shortfall, because all the major new and expanding industrial schemes are either well under way or nearing completion, and by 1982 the industrial sector's contribution to GDP should increase very sharply as a series of big projects come on stream.

Most important of these are the five large mineral-based plants for phosphates, potash, chemical fertilisers, cement and oil refining. The phosphate company expanded output last year to 2.82m tons, from 2.3m the previous year, bringing in export revenues of \$90m. This year, sales have already reached 4.4m tons, whose export should bring in revenues of \$220m due to the rising price of raw phosphate rock.

Next year, production should increase to 5.5m, with 1m tons



A new berth being built as part of the expansion project at Aqaba port

going to feed the new \$320m chemical fertiliser plant being built at the southern port of Aqaba. This plant will produce an annual 740,000 metric tons of diammonium phosphate and 105,000 tons of phosphoric acid, all for export. It should start production by the start of 1982, if not sooner.

The third fertiliser-producing scheme is the \$430m potash plant being built along the southern shore of the Dead Sea. It will turn out 1.2m tons of potash per year, but starting at a lower rate in 1982. By 1983, these three big fertiliser projects should add at least JD 100m (\$330m) to the national product.

The sole oil refinery has doubled its capacity to 3m tons a year, while the cement plant at Fubais, near Amman, is also being expanded to double its capacity to 2m tons by 1982, all of which is geared to local consumption. A new \$100m

cement plant to produce 1m tons per year is being built in south Jordan, at Rasbidiya, mainly for export purposes. It should enter service by 1983.

When these six big industrial projects are all operating at full capacity by about 1984, they will contribute nearly one-third of Jordan's gross domestic product, and will have helped bring about the desired structural shift of the economy's centre of gravity away from services and towards industry and mining.

Production in other existing smaller industries has continued to grow steadily. The index number of industrial production increased by 29 per cent last year, propelled mainly by added production of phosphates (2.82m tons), cement (623,000 tons), oil products (1,612m tons), textiles (1.4m yards), cigarettes (3.4m cigarettes), detergents (10,567 tons) and paper products (7,123 tons). Mining and

manufacturing accounted for JD 102m (\$337m) out of last year's gross domestic product (at factor cost) of JD 543m (\$1,796m).

The large industries are complemented by a series of small and medium-sized companies with a strong export orientation to the insatiable markets in the nearby oil-producing states. Such companies typically use a combination of local and imported components to produce consumer goods that can be quickly trucked to nearby markets.

This formula capitalises on the happy chance of Jordan's location on the doorstep of the giant oil-fuelled economies of the Gulf, on its skilled labour force, and on the willingness of its entrepreneurs to establish joint-venture manufacturing companies with foreign, usually Western, partners.

This is clearly the future growth trend in the industrial

sector, as the possibilities for large-scale projects to tap local mineral resources become fully exploited. The establishment of a large industrial park south of Amman and a series of three free zones in different parts of the country aim to provide the appropriate infrastructure for such medium-sized plants.

To fill in gaps in the managerial structure of Jordanian firms, the two-year-old Jordan Institute of Management, spawned by the Industrial Development Bank, is expanding its series of short courses especially tailored to meet the needs of local companies, particularly in such fields as accounting, personnel management, marketing and stock control.

Trade statistics show that a proportionally larger amount of exports and re-exports are going to the nearby Arab states, in line with the country's aim to become an important manufacturing centre in the region. This effort will continue to be adversely affected by rises in oil prices, which work their way through the price structure to threaten the competitiveness of Jordanian products.

The Jordanians are convinced, however, that their combination of labour, managerial skills and location will always produce competitively priced quality consumer products required throughout the area. They have been proved right to date, though future prospects for medium-sized industries remain sensitive to the availability of skilled workers, the cost of energy, a plentiful supply of water and a lack of serious competition from other producers in the area, particularly those in the Arab Common Market.

Rami G. Khouri

Tight labour market forcing wage rises

WITH ITS open economic system and the attraction of high wages, in nearby oil-producing states, Jordan has resigned itself to living with a tight labour market for at least the first half of this decade.

This portends a complex labour sector, with steadily rising wages, more sophistication in management and technical skills, an uneasy balance between imported foreign workers and Jordanian emigrants, and attractive inducements for more women to enter the workforce.

The result will be that while wages may continue as one of several inflationary factors in the Jordanian economy, the steady development of labour efficiency in the longer run is likely to maximise Jordan's potential as a regional centre for services and manufacturing. And it is labour, in the end, that is Jordan's most important resource.

Until the early 1970s, Jordan suffered from chronic unemployment that regularly topped 10 per cent. After the 1973-74 oil price increases, Jordanians proved to be one of the most sought-after sources of labour for the Arab oil producers, particularly Saudi Arabia, Kuwait and Libya. The outflow of Jordanian workers has been the dominant feature of the economy since 1975, though it appears to have stabilised during the past two years and should maintain the same rate of about 10,000 departures a year for the next several years at least.

As a result, the domestic workforce has grown slowly to reach 430,000, while the best estimates put the number of emigrant Jordanian workers in the oil states at some 800,000. The large number of emigrants has forced a rapid increase in domestic wages, as the private sector has tried to keep its skilled workers at home by offering them more money and better fringe benefits, particularly housing schemes, health

insurance plans, provident funds and free training opportunities.

Between 1973 and 1979, the average nominal wage increased slightly more than the rise in the cost-of-living index, though in real terms purchasing power has remained steady during most of the 1970s.

The strategy to overcome the problem of tight labour includes three components: allowing foreign workers to fill in temporary gaps, increasing the labour supply, and providing a "social package" of attractions to reduce gradually the large incentive gap between wages in the Gulf states and in Jordan.

Sticking to the principle of the free movement of workers, Jordan has seen its foreign work force grow steadily to reach about 75,000, though this also appears to have stabilised. Nearly 40 per cent of the foreign workers are Egyptian, and others come from Pakistan, Syria, Lebanon, the Philippines, Turkey, India, Korea, Sri Lanka and Bangladesh.

Contribution

It is estimated that they are sending back remittances of about JD 30m (\$100m) every year, compared to the JD 250m (\$800m) that Jordanian workers abroad send back every year. Thus while the foreign workers have a small adverse effect on the balance of payments, this is heavily outweighed by their net contribution to the economy.

In some sectors, such as tourism, a shortage of foreign workers would cause massive problems of understaffing and inefficiency. The emphasis of the Government is now on regulating the presence and flows of foreign workers, by making sure they are all given work permits and enjoy legal benefits to which they are entitled.

The training of Jordanians is also a top priority area, in which the private sector and the Government have co-ordinated their activities to provide about 30,000 places in post-secondary training and vocational institutes of all kinds. These are turning out about 8,000 graduates every year, of which as many as half take up work abroad immediately after graduation.

An underlying theme of training is the need to encourage more women to work. The pool of potential women workers is large, as females already make up 41 per cent of secondary school students. The percentage of women in the total workforce has risen steadily to reach about 15 per cent this year, but there is still much scope to increase this figure.

The third front in the battle to tame the turbulent labour market is the attempt to provide a loose "social package" of incentives that would reduce the attractions for a Jordanian to work in the oil-producing states. The most notable features of the package are a new, comprehensive labour law that will come into effect at the end of this year; a new social

security system covering 33,000 workers in 180 private companies; compensation for work-related injuries, occupational diseases, old age, disability and death (government civil servants are already covered by their own pension system); a growing number of housing schemes enabling workers who could not otherwise do so to buy their own home or apartment at soft terms over 20 years; increased training opportunities; and, of course, steadily rising wages.

In the coming few years, the social security system will cover all private sector workers. Its funds available for investment will grow quickly, to be invested in projects that directly benefit workers themselves, such as housing schemes.

The country's 17 labour unions, with 80,000 members, should also become more power-

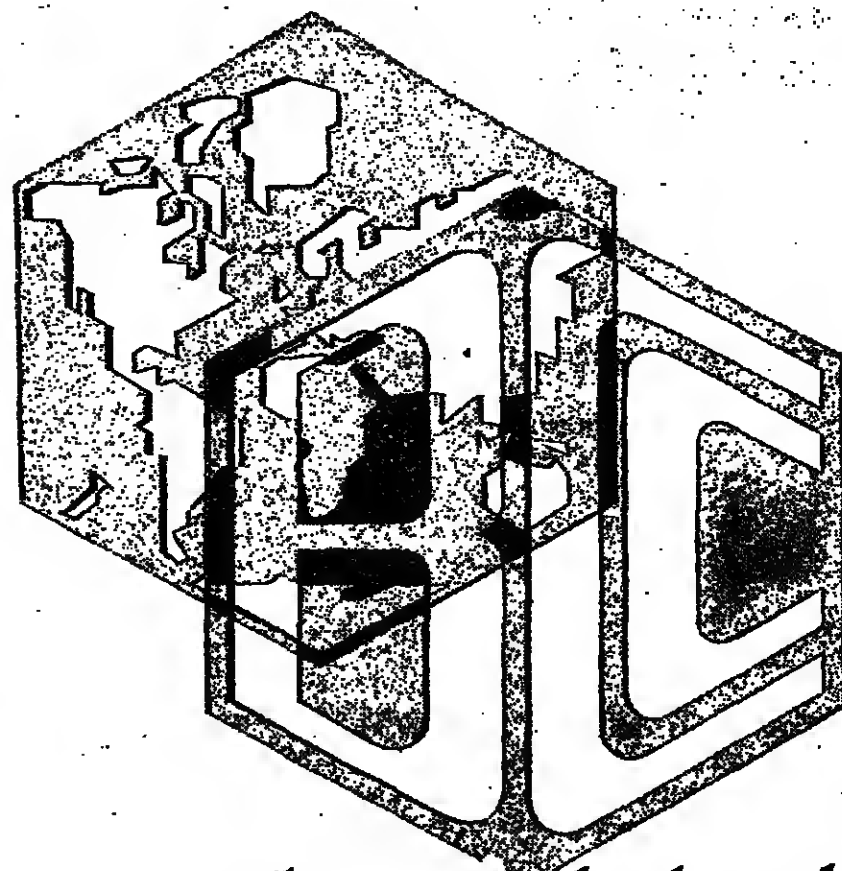


The country's Hotel and Tourism Training School. More cooks and hotel staff are needed than can be trained

ful as they become increasingly adept at collective bargaining with the traditionally powerful employers. While strikes and work stoppages are not common occurrences in Jordan, workers in large companies, such as textile plants or the oil refinery, have threatened to stop work as a means to prod management into serious negotiations on pay increases and improved benefits.

This trend should continue in the future, given the tight labour market and the preference of most companies for Jordanian workers to stay at home. The other option is to bring in foreign workers whose high turnover only dampens productivity and profitability in the end.

Rami G. Khouri



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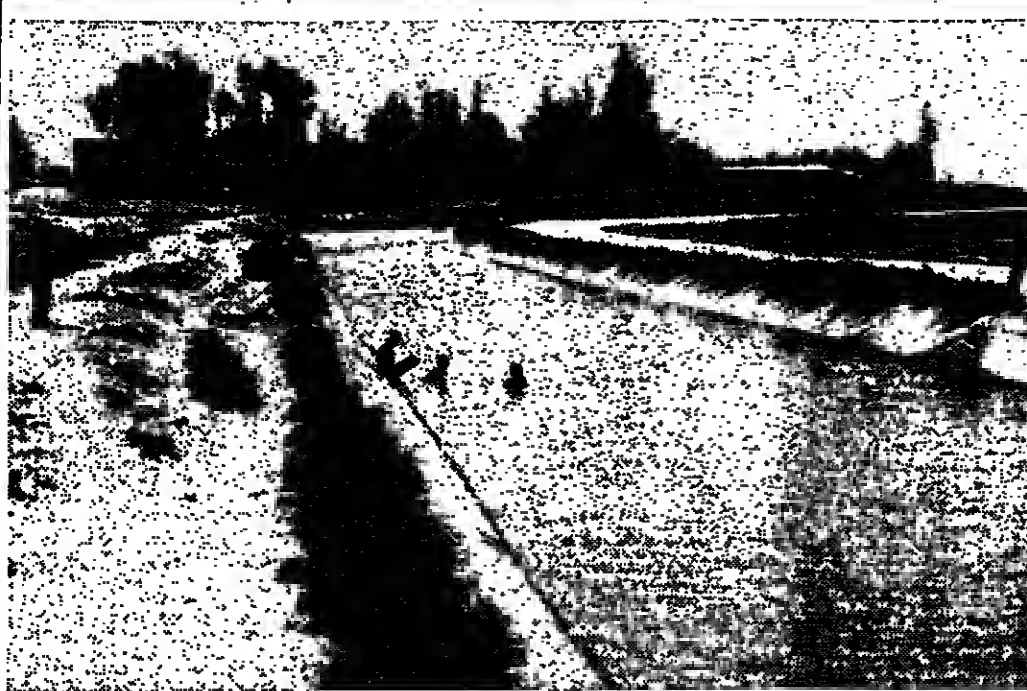
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Children take a summer swim in the East Ghor Canal, main artery of the \$1.5bn Jordan Valley Development Scheme



A new housing scheme (right) replaces the old mud homes of Jordan Valley farmers

Many constraints on planning strategy

THE ODDS against Jordan managing to implement a coherent, long-term development strategy are staggering. Living on the frontline of the Arab-Israeli conflict, and being on the edge of the giant oil-fuelled economies of the Gulf region Jordan suffers from having to finance a heavy defence burden and accommodating within its small territory about 1m Palestinian refugees.

These exiles, who have crossed the Jordan in several successive waves since 1949 divide into those who see themselves, politically and emotionally as Jordanians with a future on the East bank of the river, and those who would consider recrossing the river if a Palestinian state were to be created in the West bank and Gaza.

That possibility highlights the dilemma that faces Jordanian planners: does one plan the socio-economic development of the country on the basis of a large long-term Palestinian presence, or simply for the Jordanian population?

will require social services and jobs on a massive scale.

Furthermore, in the wake of an Arab-Israeli peace settlement which one may assume is a likelihood in the coming decade, the rationale for Jordan receiving about half of its annual budget in grants and loans from friendly Arab states will gradually disappear.

If the demand for Jordanian workers in the Gulf were to taper off, so would the \$750m they send home in remittances every year—the biggest source of investment capital in the country.

Trying to plan the development of the country in this kind of uncertainty is a frightfully difficult task. The young economic planners of the country, including Crown Prince Hassan, National Planning Council president Hanna Odeh, Central Bank governor Mohammad Sa'ad Nabulsi, Supply Minister Jawad Anani and a handful of others, have slowly worked out a strategy that revolves around exploiting Jordan's human and natural resources within a largely regional orientation.

The assumption is that Jordan will continue to be a provider of skilled manpower to the cash-rich Arab States. The logical strategy is then to try to channel the excess earnings of the private sector into manufacturing and service industries in Jordan, geared to the wider Arab market on the doorstep.

Simultaneously, available soft loans and grants from Arab and international sources are being invested in a series of large industrial and agricultural schemes that will from the heart of Jordan's export-oriented productive sectors from the middle of this decade onwards.

This strategy is highlighted in the current 1978-1985 plan for social and economic development, whose main aims are an annual growth rate in gross domestic product of 12 per cent, narrowing the trade gap, and greater reliance on domestic

revenues.

The overall investment target of 765m dinars (\$514.6m) has already been surpassed, with \$15m dinars already invested during the first four years of the plan.

Economic growth has been slightly below target, averaging about 8 per cent a year. Gross Domestic Product reached 550m dinars at factor cost by the end of last year.

This will increase sharply in the next three years, however, as the main industrial projects in phosphates, potash, chemical fertiliser, cement and oil refining reach full production, and the \$2bn Jordan Valley development scheme is completed in the mid-1980s.

The aim is to reduce the trade gap to 131m dinars by the end of this year. This is totally out of the question. The trade gap has been steadily increasing to reach 460m dinars last year. Much of this reflects high capital import requirements to establish the industries mentioned above, but at least 40 per cent of imports are consumer goods.

Reliance on domestic revenues appears to be one target that is being met. Last year's domestic revenues of 181m dinars covered 62 per cent of the budget's recurring expenditures.

Overall, however, the national budget remains dependent on foreign loans and grants for about 50 per cent of its revenues. The next five year plan, which

starts in 1981, will probably include investment targets totalling more than 1.5bn dinars, while paying more attention to projects in the field of social development.

As in the current plan, the private sector will be expected to foot half the investment bill, with the other half coming largely from soft foreign loans and commercial loans for self-financing schemes such as export industries, transport lines and hotel projects.

A greater proportion of credit for investments will be generated internally, and also from other Arab states' private sectors as institutional links between Jordanian and Arab capital markets are established.

The Government is unlikely to tamper much with the successful 'formula' that has worked well in Jordan to date, by which the private sector is given free rein throughout the economy while the state concentrates its resources of infrastructural facilities and social services.

Given the enormous regional constraints and uncertainties within which the planning process must take place, Jordanian officials would be unnecessarily daring to rock a boat that has navigated the tempestuous waters of the Middle East with commendable stability to date.

Rami G. Khouri

Agriculture depends on use of limited resources

ELENTFUL RAINS during the past winter will give Jordan one of those spectacular years for cereals production that it enjoys on the average of twice every decade. In fact, the country might cover over half of its grain requirements if the harvest yields the expected 300,000 tons of wheat and 60,000 tons of barley.

Despite this bountiful year, however, the long-term prospect for agriculture in Jordan remains captive to the ability of private farmers and Government planners to make intelligent use of their limited resources. This has forced a concentration on the expansion of irrigated lands in the highly fertile Jordan Valley and some upland areas, while trying gradually to shift marginal rain-fed areas to range-land and restricting cereals production to those regions, principally in the north, where annual precipitation is over 250 mm.

Knowing what should be done, and doing it, have proved two different things, though, and the attempt to bring about a permanent structural shift in the agricultural sector has been slower than officials had hoped. Wheat farming remains vulnerable to the vagaries of rainfall, as attempted by the abysmal 1978-79 crop year, when cereals production plummeted to 32,400 tons; vegetables totalled 353,900 tons and fruit yields were down to 98,700 tons. These figures reflected the fourth consecutive year of drought.

Irrigated

The current 1978-1980 five-year plan projected JD 112m (\$87.0m) investments in the agriculture sector, which is certain to be surpassed. The private farming sector alone has invested JD 88m (\$69m) during the first four years of the plan, while the Jordan Valley Authority has spent at least another JD 50m (\$38m) in the same period. The result is a total irrigated area of 27,000 hectares, two-thirds of which is in the lush Jordan Valley, where, at the 300 metres below sea level, the climate permits farmers to produce three crops a year.

Dryland farming covers about 500,000 hectares, with another 100,000 left fallow every year in the crop rotation schedule. But much of this land is marginal, and should either be terraced and converted to fruit trees if it is sloping, or left range-land to support the country's vast sheep population. Dr. Hassan Ghareb, the Under-Secretary for Agriculture, estimates that Jordan's 750,000 sheep population could reach 2m with improved pastures and fodder production in both irrigated and rain-fed areas.

Producing more meat would go a long way to narrowing Jordan's food trade deficit, which has been running at about JD 65m (\$51m) per

year and is increasing. The long-term aim is to increase exports of off-season fresh fruit and vegetables from the Jordan Valley, and to boost domestic sheep and poultry production to offset the chronic need to import wheat, barley, and red meat.

Most experts agree that Jordan could balance out its food trade in the long run, and indications from the success of intensive farming systems in the Jordan Valley (plastic hot-houses, hydroponic growing, drip irrigation) suggest that this could be attained by 1985.

This target will be achieved largely by completion of the \$1.5bn Stage II of the Jordan Valley integrated development scheme, focusing on the 350m cubic metres capacity Maqarin Dam to be built on the Yarmouk River in north Jordan. The dam will increase the irrigated area in the valley to a total of 33,000 hectares, while providing sprinkler irrigation networks for the entire valley, much of which is now irrigated

by traditional, and wasteful, surface flood and furrow methods.

Last year, agriculture contributed 8.3 per cent of gross domestic product (JD 45m, or \$149m), but the proportion should increase sharply in the next two years with the revenue from added production in the Jordan Valley.

Shortages

A weak point in the agriculture sector remains the marketing system, which tends to flood the local market at peak production times, and leave embarrassing shortages at others. Institutional structures, to improve the farmer's income and meet the consumer's needs, remain inadequate throughout the sector.

One aim of the recently activated Higher Agricultural Council, which brings together officials from all agriculture-related bodies in the country, is to devise a long-term national marketing policy to meet local demand while allowing farmers

to profit from the constantly high demand for fresh produce in the nearby markets of the Arab oil-producing states. Such a marketing policy should be greatly enhanced by three new packing, grading and marketing centres in the Jordan Valley, the first of which started work on a small scale earlier this month. The others will follow in the next two years.

The key to Jordan's agricultural potential is clearly the optimum use of the country's limited water resources, via a series of existing and new dams. These will provide a maximum storage capacity of about 450m cubic metres of water by 1988, when the Maqarin Dam is completed. There is still much scope to increase storage of excess winter water by building more small dams along the many side river beds, and Jordan's experience suggests that raising international soft loans to finance such projects would not be a problem at all.

Rami G. Khouri

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مكتبة الامم المتحدة

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Firestone omits payout in face of poor U.S. outlook

BY DAVID LASCELLES IN NEW YORK

FIRESTONE TIRE and Rubber, the long-plagued tyre-maker, yesterday finally capitulated to mounting economic pressures and omitted its quarterly dividend. It thus joins Uniroyal, the ailing number three in the U.S. tyre industry, which has not paid a dividend since September 1978.

Firestone had already cut its dividend from 27.5 cents to 15 cents in the final quarter of last year and there were doubts that it could sustain this reduced rate this year.

Yesterday's decision was attributable to the company's need for operating capital in the face of losses and the poor U.S. economic outlook, Firestone said.

In the first two quarters of this fiscal year Firestone ran up losses totalling \$66m, including \$48m in costs for the closure of up to a quarter of its U.S. production capacity.

At the end of last month, when Firestone announced a \$52m loss for the quarter, it warned that there was no possibility of significant improvement until the motor industry and the U.S. economy demonstrated sustained improvement.

Last month's car and truck sales were the worst of the ten-month-old motor industry recession in the U.S. and Detroit is now producing at its slowest June rate for more than 20

years, writes Ian Hargreaves. More than a fifth of the tyre industry workforce has been laid off as a result of this collapse in sales and other longer-range strategic difficulties, such as the growing consumer preference for radial tyres, which much of U.S. industry capacity is not designed to meet.

Although some motor industry executives are hopeful that sales will pick up rapidly this autumn when Detroit's new models are launched, they know that the Government's attempts to ease credit restrictions for car buyers have not so far had any discernible impact on the sales figures.

Downturn brings lay-offs at Fiat-Allis

CHICAGO — Fiat-Allis Construction Machinery, jointly owned by Fiat of Italy and Allis-Chalmers, has announced cuts in employment and said it plans to relocate operations because of the slump in construction machinery sales.

The company said recent actions included lay-offs of 100 workers and permanent reductions in salaries of workers at plants in Carol Stream, Deerfield, and Springfield, all in Illinois.

The cuts include a 20 per cent permanent reduction in salaries of workers at Carol Stream, Deerfield, and Springfield, all in Illinois.

The company announced a series of other cost-cutting moves, including the relocation of certain parts production to a new plant in Deerfield, and relocation of some corporate functions to Turin in Italy.

In Moline, Illinois, the plant and construction equipment division, it would shut down manufacturing operations at its industrial equipment factories in Danbury and Davenport, Iowa, for four weeks beginning on October 6, because of reduced production schedules caused by the slump in construction activity.

The shutdown would affect about 4,900 employees at the Danbury factory and about 900 in Davenport, the company said.

The factories manufacture construction equipment, forestry and utility equipment.

Humana shows jump in third quarter

By Our Financial Staff

HUMANA, the leading hospital management group, has reported a jump in net profits for the full year, but the company's third quarter ended on May 31.

Revenues for the period rose from \$294.1m to \$366.5m and basic earnings per share were up from 60 cents to 90 cents.

For the nine months Humana, which almost doubled the scope of its operations with the 1978 take-over of American Medical Corp., shows earnings ahead from \$25.35m to \$47.8m, exceeding the annual total of the previous year.

Earnings per share came out at \$2.27 against \$1.45, while the nine-month sales total was \$102.6m compared with \$83.6m.

For all of last year Humana recorded net profits of \$40.8m, almost double the \$20.1m total for the year to August 31, 1978.

No dividend at Argus

By Robert Gibbons in Montreal

ARGUS CORPORATION, the major Toronto holding company which controls Massey-Ferguson and other companies, is omitting the 5 cent quarterly dividend normally payable on September 1 on its class C and common shares.

The company said the dividends would be withheld to "strengthen the company's cash position."

Suit filed against Posner

MARLEY COMPANY, a leading

water cooling tower and heat exchanger equipment manufacturer, has filed a law suit against Mr. Victor Posner, the Florida businessman and former of his companies, one of which has bought an 11.2 per cent stake in Marley.

The suit was filed in U.S. District Court in Kansas against Mr. Posner, Summit Systems, Sharon Steel Corporation, NYF Company and Security Management Corporation, reports Reuter from Mission, Kansas.

Marley said the suit alleged that Posner had obtained information with the Securities and Exchange Commission made by the defendants concerning the purchase of Marley stock by Summit and had failed to disclose material facts.

Lay-offs at Continental

LOS ANGELES—Continental Airlines said it would be laying off about 1,500

employees, or 10 per cent of its workforce, as a result of a planned reduction of its passenger capacity by 20 per cent on September 8.

The company said it was reducing its flying time by about 16 per cent.

It said the lay-offs were prudent responses to the economic situation the U.S. was facing now and into 1981. They would enable Continental to remain competitive at a time when the airline industry was beset by rising operating costs and declining revenues.

INTERNATIONAL CAPITAL MARKETS

Six dollar issues launched

BY FRANCIS GHILS

SIX EUROBOND issues totalling \$605m, five of them with fixed interest rates, were launched in the dollar sector of the international bond markets yesterday.

Most of them offer investors a yield below 10 per cent, a psychological threshold beneath which most buyers are, for the time being, unwilling to go.

Investors have battered down the hatches, commented one senior new issue manager. They are waiting for a lead from the New York market which has not yet come.

Thus, most of the issues announced yesterday were quoted at discounts of 1-2 points in pre-market trading but there was no sign of any selling. Secondary market trading was described by most dealers as extremely quiet yesterday, with prices down 4 points on average.

Among the new issues announced yesterday is a \$150m

51-year bullet issue for Canada's Export Development Corporation. Lead manager for the issue, which carries a coupon of 9 1/2 per cent and has been priced at par, is Credit Suisse First Boston. The issue is pre-underwritten by the managers.

Pembroke Capital Corporation is raising \$100m for seven years through Salomon Brothers. The bonds, which carry a coupon of 9 1/2 per cent and a price of par, have been pre-underwritten by the managers.

The Toronto Stock Exchange's plan to set up such trading facilities, a result of some Canadian banks and financial institutions currently use U.S. markets for hedging purposes.

The Toronto Exchange's plan was drawn up over an 18 months preparatory period, which included consultations with the Bank of Canada and the Canadian Government's Department of Finance.

Meanwhile, is arranging a \$50m 10-year bond, with a coupon of 10 1/2 per cent and a price of 99 1/2, through Credit Suisse First Boston and UBS (Securities). A conversion premium of 5 per cent is expected and the bonds are convertible into shares of the issuer.

In the Swiss franc sector, New Zealand has completed a \$50m 100m six-year private placement with a coupon of 3 1/2 per cent through Union Bank of Switzerland.

In the yen sector, Thailand has completed a ¥100m 10-year bond which carries a coupon of 9.2 per cent and a price of 99.9. Lead manager is Nomura Securities.

The ¥15bn seven-year bond for the Republic of Finland was priced at par by the lead manager, Daiwa Securities, after the coupon had been cut by 1 per cent to 8 1/2 per cent.

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Canada financial futures agreed

TORONTO—The Ontario Securities Exchange Commission has approved a plan to establish

facilities for trading 91 day Canadian Treasury bills and 18 and 90 day Canadian Government bonds. Trading is expected to begin by September.

The Toronto Stock Exchange's plan received a setback last week when the Ontario commission disagreed with parts of the proposal, notably a restriction on participation by foreign companies.

The Exchange quickly made modifications, including removal of the limit on foreigners, and received swift regulatory

approval for operations for at least one year.

At present, there are no financial futures markets in Canada, although the Winnipeg Commodity Exchange and the Montreal Stock Exchange both plan to set up such trading facilities.

The transaction was effected by an exchange of shares involving 1.4m common shares of Bank of Montreal and 490,000 shares of preferred stock of a wholly-owned subsidiary of Bank of Montreal. The number of preferred shares to be issued is subject to final adjustments.

AP-DJ

Pressure on margins at Levi Strauss

By Our Financial Staff

LEVI STRAUSS, the world's largest apparel group which is best known for its jeans, again saw profit margins under pressure in its second quarter to May 25, but managed to post a 16.7 per cent increase in net profits to \$2.5m.

Sales for the quarter were ahead by 36 per cent from \$244.5m to \$332.6m and Mr. Peter Haas, the president, attributed the pressure on margins to higher advertising and marketing expenditures, higher than normal price mark-downs and to discontinued operations in the Diversified Apparel Enterprises group, which is the new title for Koratop Industries, an apparel group acquired for \$71m in September last year.

Earnings per share for the quarter were \$1.25 against \$1.10, and for the half year net profits were up 23 per cent to \$101.6m (\$2.42 a share) from \$82.6m (\$1.95) on sales 43.5 per cent ahead at \$1,280m.

Mr. Haas said that while the follow-up of orders had slowed recently the third quarter would show favourable progress.

He also noted that because of brief shutdowns of various European facilities, international inventories at the end of the second quarter were reduced to 151 days' sales from 171 days at the end of the prior quarter.

Jewel sees improvement

CHICAGO — Jewel Com-

panies, the supermarket operator, expects earnings in the year ending January 31 to exceed last year's \$50.7m, or \$4.54 a share, Mr. Richard G. Cline, the president-elect, told the annual meeting.

He said the company had seen a softer food sales in some areas in recent weeks and that its Osco Drug unit had experienced some softness in sales in regional mall shopping centres. Osco's margins were continuing to improve.

Mr. Weston R. Christopherson, the chairman-elect, said Jewel's domestic sales were expected to reach \$43m this year against \$37.6m last year.

After the meeting Mr. Cline, formerly vice chairman, was named president, succeeding Mr. Christopherson, and Mr. Lawrence J. Howe, executive vice president for finance and law, was appointed vice chairman.

Mr. Christopherson was elected chairman.

Machine tool maker reports good demand

MONARCH MACHINE Tool con-

tinues to experience good demand for its machine tools, said Mr. Kermit Kuck, the chairman and chief executive. Reports AP-DJ from Sidney, Ohio.

He said that indications were that orders might be slowing down, but Monarch had an order backlog of about 18 months for machine tools and about 12 months' orders for its strip metal processing equipment. These backlogs would keep shipments at a high rate.

Monarch expected "good" results for both the second quarter and full year, Mr. Kuck said, but the company would not show the same quarter-over-quarter gains as in previous years. Monarch traditionally had its poorest quarter in the first period, because the company paid, or made allowance

for, many expenses during the first quarter.

In 1980, however, first quarter profit jumped to \$2.6m, or \$1.51 a share, from \$1.2m, or 71 cents a share, a year earlier.

He added that it was too early yet to make a precise forecast of second quarter results, but that profits might be about the same as in the first quarter. That would be a gain of nearly 50 per cent from the \$1.8m, or \$1.03 a share, earned a year earlier.

There were too many uncertainties in the second half to make an earnings estimate for the full year, but the company expected to show a gain from 1979, he added. Last year, Monarch earned \$9.1m, or \$5.32 a share, on sales of \$29.2m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details on any of the issues see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR	Issued	Bid	Offer	Day	Week	Yield
Alcoa of Australia 10 3/8	60	97 3/4	98 1/4	+	0.04	11.06
Australian Ref. 9 3/4	30	96 3/4	97 1/4	+	0.04	10.54
Banque Paribas 10 1/2	100	102 1/2	103 1/2	+	0.04	11.06
CECA 11 1/2	100	100 1/2	101 1/2	+	0.04	11.13
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St Gobain restructures holding in Machines Bull

BY TERRY DODSWORTH IN PARIS

THE DIVERSIFIED French conglomerate, Saint-Gobain-Pont-a-Mousson, is increasing its control over Cii Honeywell Bull, the country's main computer company, in a move which also rationalises its high technology interests.

The effect of the deal is to bring together Saint-Gobain's financial interests in Cii with the 20 per cent shareholding it recently acquired in Olivetti, the Italian office equipment company. These two participations will be held through Machines Bull, a quoted French company which at present exists only as a holding operation for Cii Honeywell Bull.

The basic financial structure of Cii Honeywell Bull will remain unchanged, with 53 per cent held by Machines Bull and 47 per cent by the U.S. group, Honeywell Information Systems, part of the Honeywell group. But the shareholdings in Machines Bull will change substantially by means of a capital increase that will push up Saint-Gobain's stake in the company from its current 20 per cent to 51 per cent.

This share issue from Machines Bull lies at the hub of the reorganisation, since it will be made in return for the takeover of a Saint-Gobain financial subsidiary, Cadamas,

which holds the 20 per cent Olivetti shareholding. Machines Bull thus becomes the direct owner of Saint-Gobain's Olivetti stake as well as Saint-Gobain's interests in Cii.

Because the issue is reserved to Cadamas shareholders, the French state interests in Machines Bull will be consequently reduced from 20 to 10 per cent, while bank shareholdings will also fall to 10 per cent and those of private investors to 29 per cent. Machines Bull shares responded to the news yesterday by moving up by almost FF2 in FF60.70 (\$14.77).

Earnings setback at PKbanken

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S LARGEST commercial bank, the state-owned PK-banken, made a profit of SKr 142m (\$34.23m) on its banking operations in the first four months of the year, a drop of 43 per cent compared with the same period of 1979.

The consolidated result fell by 41 per cent to SKr 157m, with the financing and factoring operations improving earnings by 27 per cent.

The decline in profits had been expected after the tighten-

ing of Swedish monetary and credit policy last autumn. While the bank's overall income fell by 7 per cent, its personnel and other costs climbed by 15 per cent.

Net interest income dropped by 11 per cent to SKr 469m. The higher discount rate and the rise in the rates paid on the so-called special deposits by companies were the main reasons for a fall in 0.62 percentage points to 2.02 per cent in the bank's placement margin.

The management, however, expects to stem the profit slide during the rest of the year.

For the whole of 1980, the operating result for the banking sector is forecast to be about 20 to 25 per cent below the 1979 figure of SKr 758m. In contrast to the domestic setback, PKbanken improved earnings from its foreign business by more than 25 per cent to SKr 22.7m in January-April.

Sales and profit growth for PUK

PARIS — Sales of the Pechiney Ugine Kuhlmann (PUK) metals and chemicals group for the first four months of this year showed an increase of 30 per cent on the same 1979 period, and earnings growth was even faster.

M. Philippe Thomas, president of PUK, said at the annual general meeting that sales for the first six months of this year would be about 27 per cent above those for the first half of 1979, and at the same time the group's profitability would improve.

In the first quarter of 1980 turnover was FF1,103bn (\$255bn), compared with FF759bn in the same 1979 period. Most of the group's divisions would experience sustained growth over the next few months, M. Thomas said. He added, however, that a deceleration in the last four months of the year was to be expected, as the economies of the major industrialised nations cool down.

M. Thomas said that the forewarning of an economic slowdown had already appeared in Europe, suggesting a recession as deep as that experienced in the U.S. In the U.S., he said, PUK's subsidiaries had seen a drop in new orders, but the impact on their activity levels would be limited in view of the size of their order books.

Orders on hand for turbine blades at Howmet Turbine Components, for instance, represented more than a year's normal turnover, M. Thomas said, although he conceded that the company had been forced to lay off 10 per cent of its workforce since May.

M. Thomas said that Ugine Aciers, the group's specialty steels division, had reduced its costs by 35 per cent between 1977 and the first half of 1980.

Asked in comment on the future of Ugine Aciers with regard to the French Government's plan for restructuring the specialty steels industry, M. Thomas said the plan's objective was to bring together the major producers under the wings of the two biggest steel groups in France, Sacilor and Usinor.

Details of the plan are expected to be made public within the next few weeks, AP-DJ.

Shell and Esso boost Dutch spending

By Charles Batchelor in Amsterdam

ROYAL DUTCH Shell and Esso have agreed to invest \$1.36bn (\$1.6bn) in the Netherlands over the next 10 years in return for a government agreement not to take a larger share of their profits on gas.

The two companies, which have a quarter share each in the country's natural gas output and earnings, have agreed to meet economic ministry officials at least once a year to review the progress of their investment spending.

Royal Dutch and Esso will each earn about \$1.7bn from their gas operations, including \$1.2bn as a result of the increase in prices since developments in Iran, Mr. Gijzen van Aardenne, the economics minister, told parliament.

The Government, which already takes a 85 per cent cut of the companies' gross gas earnings, decided increased investment would do more for the economy than a larger government participation in profits.

BORROWER PROFILE

Room for further borrowing

BY DAVID DODWELL IN HONG KONG AND PETER MONTAGNON IN LONDON

YESTERDAY'S LAUNCH by Nomura Securities of a \$100m ten year Samurai bond for the Kingdom of Thailand should bring to a close, for the current fiscal year to September 30, the country's public sector borrowing on international capital markets.

Concurrently Thailand is arranging a \$300m Eurocredit, the largest it has ever raised.

The Samurai bond carries a coupon of 9.2 per cent and is priced at \$9.9 to give conditions similar to those recently obtained by Brazil, while the credit bears a flat margin over Libor (London Interbank offered rate) of 1 per cent for eight years.

This gives Thailand some 100 times more than South Korea was able to obtain even before the latest political troubles there. In February, Korea's Exchange Bank raised a \$500m credit at a split spread of 1-1/2 per cent.

Although Thailand has been borrowing more on international markets of late, it is still relatively underborrowed compared with other Asian countries and banks have room to increase their exposure. According to the latest OECD figures Thai borrowers raised \$305m in publicised Eurocurrency credits during the first four months of this year compared with \$237m in the whole of 1979. In May it also raised a \$100m credit, with the proceeds destined for military spending.

Last year the Kingdom also issued a \$100m, 8.5 per cent bond through Nomura Securities, while Thai borrowers placed \$130m worth of floating rate notes in the dollar market.

According to the Bank for International Settlements, Thailand's gross external borrowings from commercial banks amounted to \$3.04bn at the end of last year, while its reserves were put by the IMF at SDR 1.49bn. By contrast Korea's borrowings stood at \$10.29bn and its reserves at only SDR 2.26bn.

In the less, General Prem Tinsulanonda Prime Minister of Thailand for just three months, must see the country's severe

economic problems as a critical test of his leadership. His predecessor, General Kriangsak Chamanand, was toppled in large part because of his failure to resolve them.

Central to Thailand's economic problems is a chronic balance of payments deficit, high inflation, and a growing debt service burden. These problems are aggravated by a widening wealth gap between Thailand's urban population—which basically means those living in the capital, Bangkok—and the rural poor. Around 25 per cent of Thailand's population lives below the line of absolute poverty, as defined by the World Bank.

The conflict in neighbouring Kampuchea, coupled with the strains created as a result of a heavy refugee inflow, has damaged the confidence of foreign investors.

Thailand's balance of payments deficit was Baht 7.9bn (\$385m) in 1979, uncomfortably large, but 40 per cent better than predictions made last autumn. At the root of this deficit is the energy import bill—Thailand is the fifth largest oil importer in the developing world.

Flight of capital

Energy imports last year cost \$1.8bn, consuming all earnings from the country's top four exports—rice, tapioca, sugar and rubber. Even before the latest round of oil price increases, Government economists were predicting that energy imports would cost at least \$2.5bn this year. A refining capacity shortfall of about 70,000 barrels a day forces Thailand into heavy purchases of refined oil products, often on the expensive spot market.

Inflation in 1979 came close to 20 per cent, and there are no signs that it will fall in 1980. The money supply grew by about 12.5 per cent, and there was serious concern over the flight of capital from the country in the last few months of 1979.

Modification of the long established usury law, which had for

many years put a 15 per cent ceiling on local interest rates, helped to staunch the flow. The recent decline in U.S. interest rates has also helped to make domestic interest rates more attractive.

Thailand also carries a heavy debt repayment burden. This is a direct consequence of a government policy adopted in the mid-1970s to limit foreign borrowing to fund capital intensive, growth-involving numerous heavy industrial projects. As a result, debt service charges now equal 17 per cent of all exports and are expected to account for more than 20 per cent by 1985.

In spite of these economic problems, international confidence in the Thai economy has remained relatively strong. Economic growth in 1979 was almost 7.5 per cent.

Thailand is also the only country in South East Asia to be self-sufficient in food. It is a net exporter of rice—2.6m tons in 1979. Only the U.S. exports more.

A slump in international confidence that might have accompanied the overthrow of General Kriangsak was averted in part because of the statesmanlike way in which General Kriangsak stood down and in part because of the high standing of his successor and confidence in the team he appointed.

A key figure among these is Mr. Boonchu Rujasthien, who with the title of Deputy Premier for Economic Affairs, is effectively Finance Minister. As well as being deputy leader of the Social Action Party, the nation's strongest political grouping, he is a former Finance Minister, and on his latest appointment, relinquished the positions of chairman of the powerful Bangkok Bank, and of the Thai Bankers' Association.

It is generally believed that if Mr. Boonchu cannot solve Thailand's economic problems, then no one can.

He has declared his intention to shift Thailand from a growth path of import substitution to growth fostered by export promotion. He promises a new role for multinational companies, which have long been viewed with suspicion and even anta-

gonism inside Thailand. He says that he will begin subsidies and lower tariff walls (at present, these account for 17 per cent of the value of manufactured imports, while export incentives account for just 2.3 per cent of the value of manufactured exports).

He promises he will help foreign companies to develop the handsome bureaucracy which has in the past kept many potential investors away. He promises minimum wages as an alternative to price subsidies, and is committed to channelling funds into the country regions.

Need for borrowing

Boonchu acknowledges the need for heavy international borrowing, but clearly prefers commercial loans to the IMF standby credit arrangement, which was discussed at length between IMF officials and officials in the Kriangsak Government in December last year. Boonchu dislikes the conditions built into such an IMF loan package, and prefers to see the IMF as a lender of last resort in the most literal sense.

Despite his reluctance to borrow from the IMF, IMF officials who have recently held talks with Boonchu seem confident about his economic plans.

Thailand is one of the top ten borrowers from the World Bank, and it is clearly important that Bank officials see Boonchu as receptive to their ideas. The World Bank channelled about \$600m into Thailand last year.

As the Thai Government prepares its next five-year plan, due to begin next year, so it will be looking closely at a three-part development programme which has been prepared by the bank. This involves programmes of industrial development, energy adjustment, and agricultural development.

Thailand has two difficult years ahead, senior development agency officials say. They feel confident that Mr. Boonchu is able to apply his economic policies. Thailand can be quickly on the path of rapid economic growth.

Sharp upturn for Fedvolks

BY JIM JONES IN JOHANNESBURG

INTERNAL GROWTH and acquisitions helped lift profits of Federale Volksbeleggings (Fedvolks) to record levels in the year ended March 31. The South African industrial group's taxable attributable profit rose to \$16.1m (\$21m), up 74.7 per cent compared with annualised figures for the previous 15 months. Turnover rose 60.4 per cent to R730m (\$944m).

The management, whose previous forecasts have been cautious, expects good results for the current year. Further growth is planned on the basis of gradually weeding out minority investments and concentrating activities in consolidated operations.

During fiscal 1980 a minority stake in Trek, a petroleum products distributor, was sold. In January, Fedvolks increased its holding in Massey-Ferguson's South African operation to 75.1 per cent from 30 per cent, while the Canadian parent of the agricultural equipment manufacturer retained 24.9 per cent. Shortly before the end of the

financial year Fedvolks ended up with an indirect stake of over 50 per cent in the group formed by the merger of Sentrachem, the country's second largest chemical company, and Federale Kunsmis, a fertiliser manufacturer. This will allow Fedvolks to consolidate Sentrachem's earnings.

Dividends totalling 22 cents have been declared from earnings per share of 86 cents against a payout of 21 cents from earnings per share of 43.4 cents in the preceding 15 months.

Eurodif near Iran settlement

BY OUR PARIS STAFF

AN AMICABLE settlement to the row over the Iranian stake in Eurodif, the French-controlled Iranian uranium enrichment consortium, seems to be in sight following the visit of an Iranian negotiating team to Paris.

Instead of trying to withdraw their participation in the consortium, as they have been threatening for several months, the Iranians now seem prepared to stand by their financial commitments. But they want to reduce substantially their off-take of the enriched material because of the severe reduction in their nuclear power programme.

Although no agreement has yet been signed, the French side appears hopeful that a settlement along these lines can be reached despite the political situation in Iran. For the time being, however, the Iranian finance in Eurodif remains frozen by a French commercial court following action by the company against its shareholder.

A settlement with Iran would clear Eurodif's financial situation at a time when it is still investing heavily in its FF2.2bn (\$5.2bn) treatment plant without substantial sales to offset its costs. Recently, the company's financing programme suffered a setback when its Italian interests lowered their stake from 25 per cent to 16 per cent—a reduction caused, like the Iran proposal, by the cutback in the country's nuclear power plans.

The French nuclear fuels concern, COGEMA, has stepped into the breach caused by the Italian withdrawal, increasing its shareholding from 42 to 51 per cent, while the Belgian and Spanish interests continue to hold about 11 per cent each.

France, however, is already spending heavily enough on its nuclear power programmes to want to avoid additional financial commitments.

Amatil makes offer for Steggle's

BY OUR SYDNEY CORRESPONDENT

AMATIL, the diversified tobacco and food group, has tightened its hold on the Australian poultry market with a \$38m (U.S.\$44m) takeover bid for the New South Wales-based Steggle's Holdings. The offer is \$42.95 a share and is subject to approval by the Foreign Investment Review Board.

Amatil is 40 per cent owned by UK-based British American Tobacco group and has sought naturalisation status under the Australian Government's investment guidelines. Amatil is

already entitled to 35.4 per cent of the capital of Steggle's, including the 17.9 per cent held by the directors. The board recommends shareholders to accept the bid.

Steggle's operations range from frozen chickens, turkeys, and ducks to the Big Rooster take-away barbecued chicken stores. Amatil already holds 49 per cent of the Golden Poultry farming group, and the acquisition of Steggle's would give it more than 15 per cent of the national poultry market.

The offer price compares with a pre-bid price for Steggle's of \$42.35.

MYER EMPORIUM, Australia's largest department store retailer, expects profits to fall this year. The directors said yesterday that unusually warm weather in the third quarter hit sales.

Earnings for the January half year dropped by 12 per cent from A\$23.2m (US\$26.6m) to A\$22.7m.

Small gain for Indian cement producer

BY R. C. MURTHY IN BOMBAY

PRODUCTION OF Shree Digvijay Cement Company slipped by 2.7 per cent in 1979 but profits increased marginally and the dividend was raised to 15 per cent from 14 per cent.

Cement production fell to 947,375 tonnes from 974,031 tonnes in 1978 because of external constraints including a coal and power shortage.

Net profit rose 7.6 per cent to Rs 29.8m (\$3.5m) from Rs 27.6m because of a cement price increase allowed under the

Government's cement pricing and distribution policy. It is administered by a system of three-tier prices for producers, varying according to the cost of cement production, and a consumer price uniform throughout the country. The difference is funded by a price equalisation account.

The Government is committed to allow a 12 per cent after-tax return on net worth for capital-intensive industries to encourage investment. With the

Government differing from the cement industry on the extent of cost escalations, and the delay in allowing higher prices, new cement plants have not realised the promised return.

Despite this Shree Digvijay has secured Government permission to set up a cement plant with 1.2m tonnes capacity in Rajasthan.

Shree Digvijay is owned by the Bangur group, which ranks fifth in terms of assets among the business houses.

McIlwraith raises stake in Overseas

By James Forth in Sydney

McILWRAITH-DAVEY INDUSTRIES, the hardware group, yesterday lifted its stake in Overseas Corporation, the household products and building materials group, to 28.7 per cent despite a plea from the directors for major shareholders to retain their shares.

At the same time another buyer appeared on the sharemarket in opposition to McIlwraith and bought more than 5 per cent of the capital. McIlwraith's opponent is thought to be Adelaide Steamship Company and the shares were purchased at A\$1.40 each compared with McIlwraith's market bid price of A\$1.35.

Adelaide is one of the most acquisition-minded companies on the stock exchange lists. Only last week it revealed a 13.5 per cent stake in Bruck Australia, the Victoria textile group. But Adelaide also found itself on the receiving end when Howard Smith, the diversified industrial group, lifted its longstanding shareholding from 10 per cent to 14 per cent through market purchases, with the intention of going to 20 per cent.

The directors of Overseas yesterday again advised shareholders not to sell as a reconstruction was well under way and would provide substantial benefits for all shareholders.

They warned institutional holders that acceptance of McIlwraith's offer would frustrate the company's attempts to secure a better price than A\$1.35. They also said that if the bid was thwarted for the time being there could be no reasonable expectation that McIlwraith would eventually offer any "escalation agreements."

McIlwraith made its first move in mid-May buying 13 per cent of Overseas and blocking a proposed A\$45m (U.S.\$75m) merger with Metro Meat, a meat and cold stores group. It subsequently agreed to stand in the market for one month and take all shares offered at A\$1.35.

This market offer closed on Friday but McIlwraith intends to extend a formal takeover bid. McIlwraith directors disclosed yesterday that one of the purchases from an institution involved a consideration of one McIlwraith share plus A\$4.25 cash for each five Overseas shares, equivalent to A\$1.35 a share. This share and cash alternative will also be included in the formal offer.

Kyushu Electric loss

Kyushu Electric Power Company suffered losses of about ¥6.38bn (\$25.5m) in the year to March compared with ¥20.18bn net profit in the previous year. Sales went up to ¥612.025bn (\$2.5bn) from ¥548.859bn in the previous year. The net loss per share was ¥18.70, compared with a ¥28.30 net profit.

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هكلمن الترخيل

BUEHRMANN-TETTERODE PRESENTS ITSELF IN LONDON • BY WILLIAM COCHRANE

Fresh hopes for shareholders

OVER the last few years the story which Buehrmann-Tetterode, the Dutch paper, printing machinery and wholesaling group, has had to tell institutional shareholders has not been a happy one. It is one of industry and achievement but also of a specific calamity and little joy for shareholders over the last decade.

But on Friday in London, when B-T offers the company as an investment medium, the tale could be a different one. The management now have hopes which could prove a tonic for the share price.

B-T is the product of a merger in 1968 between G. H. Buehrmann, graphic paper wholesalers, and Tetterode, printing machinery distributors. But the merger was not a marriage until the arrival of Mr. A. W. Overwater, chairman of the board of managing directors, in 1970. Mr. Overwater is an innovator, a contrary thinker and a man who seems to inspire more than cautious respect from his senior colleagues.

He took B-T into manufacturing in 1972 and the industry, could hardly be classed as a universal choice. As Mr. Henry Poole of London stockbrokers Laing and Cruickshank puts it, the paper industry even then was characterised by "years of appalling profitability, broken by the occasional artificial boom." But B-T went in with its eyes open and Mr. Overwater points out that it has enjoyed volume growth each year in the paper and packaging industries in spite of the cyclical nature of the business.

There are good reasons why: vertical integration based on waste paper instead of imported pulp; harnessing new technology; good marketing; and, above all, good management, relating capacity additions to attainable cash flow, rather than in hypothetical prices at the peak of the cycle.

B-T now has a balance between capital intensive paper-making and packaging operations, and wholesaling busi-



B-T's A. W. Overwater: innovator and contrary thinker.

nesses where fixed assets are small and working capital investments can be reduced quickly on any downturn in trade.

Observers reckon that the management has done a good job in getting any sort of earnings and dividend growth since 1974, a boom year for paper and paper-based industries.

But B-T's self-confidence must have been shaken during the past three years by the results of a project that was only slightly outside its own ground, in terms of both its geographic location and its industrial competence.

The Mont Saint Guibert (MSG) mill in Belgium was acquired to compete with imported kraft liner, using indigenous waste paper and timber

a peak of F1 78 in 1979 against F1 77.50 in 1975, with lows of F1 55.10 and F1 58 respectively. It was F1 54 before the results earlier this year and the recovery since then—to the mid-60s—does not put a high value on B-T's fully diluted 1979 earnings of F1 10.40 a share.

Mr. Philip F. Kothals Altes, secretary to the managing board, is undaunted. The cash flow pattern, he says, was necessary to ensure long term profitability: "Capital expenditure of the past five years will be important for dividends in the future."

B-T diversified into papermaking in time for the industry's 1974 boom, and made a lot of money from it. But it had to spend a lot in the process, hence a decline in the payout ratio from over 60 per cent in 1970 and 1971 to under 50 per cent (and still on a declining trend) in the past four years.

Shareholders' funds rose from F1 375m to F1 405m in 1979 and Mr. Altes pointed out that despite MSG, this was ahead of the 4½ per cent domestic inflation rate in the Netherlands last year.

However, B-T has its financial management problems. Take the relationship of equity to invested funds: in 1970 it was F1 180:308, a 60 per cent equity ratio, whereas last year it was F1 405:987, or nearer 40 per cent.

So B-T is highly geared, and it knows it. Last year capital expenditure fell from F1 85m to F1 72m. Spending, says the management, grew more slowly than shareholders' funds—partly because they had already recognised that the debt-equity, and the capital spending-cash flow ratios were getting too high.

That is good news, of a sort, but there is better news of earnings. Group sales, F1 2.15bn last year, have been rising at a rate of over 20 per cent in the first five months of 1980. The Mont Saint Guibert operating loss is expected to drop from F1 10.7m to F1 3m and the result could be a rise in earnings per share

of up to 30 per cent.

B-T also has a convertible loan which could add 632,000 shares to the 3.6m outstanding. It might want to get this converted early, even forcibly, in 1981 or 1982. B-T needs a share price over the conversion price of F1 80, and it might be willing to pump up the payout ratio again to make conversion a more attractive deal.

A first impression, given a market like Amsterdam where banks, in their stockbroking function, have about 70 per cent of the equity market, is that an increase in the number of shares outstanding could be positively beneficial.

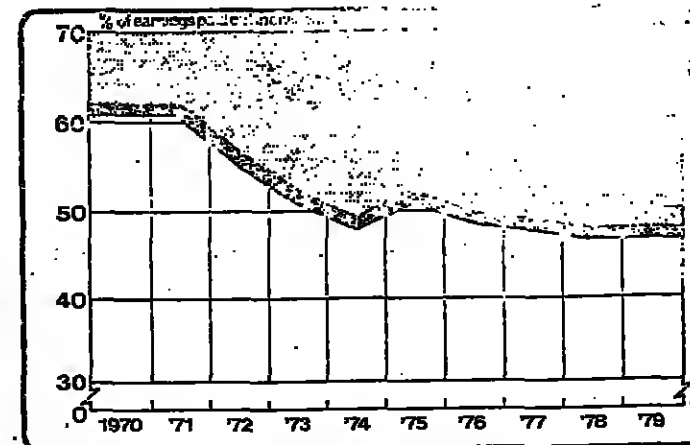
Even as things stand, Amsterdam could be a useful market for the shares. B-T calculates that 3,000-5,000 shares a day can be traded there without disturbing the market price, and 3,000-5,000 at F1 65 is something like £30,000 to £80,000—"enough," said one London dealer, "to make it interesting."

Competition will be very fierce.

The weakness of domestic competitors like Van Gelder and KNP cannot be as important for B-T, given its size and increasingly international ambitions, as their relative strength was in the past. With money costing what it does, there must be some question mark over B-T's immediate growth prospects as a sole agent for printing machinery: and while its leasing operation is off-balance sheet—being owned 50 per cent by B-T and the other half split between Bank Mees en Hope and the Nederlandsche Middelstandsbank—it serves to point up the high-cost nature of this sector of the group.

Nevertheless, the odds are that B-T will survive this recession in good shape, as it did the last. The question is what it will do in the future.

Given its size in relation to its domestic market, B-T's ambitions have to be international. The group has made a policy decision to increase the



reducing the workforce, rebuilding the pulp and paper machine to make special waste-based products and doing market research into possible new outlets.

B-T itself just seems relieved that the results of MSG no longer need be separately reported. "MSG," they say, received an "inappropriate" amount of attention from the Dutch financial community.

Its Belgian problems have made B-T think very carefully indeed about expansion, say into the U.S. Taking it a sector at a time, Mr. Altes said that

management before such a big step. One recent top level resignation at B-T has pointed up the problems of rapid, and diverse expansion.

Curiously, there are those in the industry who think that B-T does have plans to get into the U.S. and, indeed, into Mexico before long. Maybe, where the U.S. is concerned, we are dealing not with a continent, not with a country, but with a federation of states.

But coming down from the heights, it has to be remembered that hopes for B-T might either become deflated, or diverted. B-T always has its provisions to play with, although I am assured that there will be the same F1 6.6m-plus factor at the bottom line this year as there was in last year's earnings.

As for diversion, it is becoming a popular, if not yet common philosophy that the UK is heading for a bull market. This would give UK institutional investment managers yet another excuse for avoiding overseas adventures and the perils of trying to understand something different.

Yet the last excuse, that sterling was too strong after the withdrawal of UK exchange control, has gone by the board. And when senior partners of respected stockbroking firms decide to concentrate on overseas equities, there must be something to say for the genre.

Of this type, B-T looks tasty. It is big enough to trade, and small enough to avoid being incredibly boring for quite some time. In fact, boredom from B-T is the last thing on my mind.

Observers reckon that the management has done a good job in getting any sort of earnings and dividend growth since 1974, a boom year for paper and paper-based industries.

There is another wrinkle. In a stock market, oversupply of shares can be a problem worse than the reverse. B-T did acquire a lot of family companies in the early and mid-1970s. Its issued share capital went up by nearly 50 per cent between the end of 1969 and end-1977.

Family shareholders tend to be weak holders of the acquiring company. Some of the B-T's held, but a lot more sold. No further shares have been issued since 1977.

Now the whole scenario could be wrecked by international recession. "In the 1980s," said Mr. Altes, "B-T cannot expect the same autonomous growth as it had in the previous decade."

ratio of its turnover outside the Netherlands; Dutch first, the numbers were 53:47 last year against 58:44 the year before and 57:43 in 1977. About 20 points of last year's foreign 47 were accounted for by exports from Holland, but that only seems to combine the national and corporate interests.

On the international front, the keynote was Western Europe in the 1970s. The decade ended with growth almost non-existent in the sub-continent and, for B-T itself, the Belgian debacle.

To some B-T may have enhanced its management reputation by the way it has pulled Mont Saint Guibert around—suspending cellulose production,

waste-based paper knowhow meant little on a continent rich in timber; in graphic and related sole agencies, there are many U.S. agencies with their own sales organisations, and wholesaling of graphic paper and stationery is part of a more integrated structure over there.

Wholesaling stationery products, and publishing (the latter being a separate and increasingly important division) is possible in the U.S., but, said Mr. Altes, the U.S. is not a country, it's nearly a continent; B-T's game is to have a relatively important market share everywhere; in financial terms, B-T is not big enough to secure that market share; it also needs equilibrium in profits and in

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JKV/3FT

Nuclear ugly duckling grows up

BY DAVID FISHLOCK, SCIENCE EDITOR

JOKES ARE all that have so far flowed from Dungeness B power station in Kent, 15 years on and over £400m in cost since construction began.

The sophisticated make cracks about a "geological time-scale" of construction and hint darkly at radioactive decay of fuel in the stores. The less sophisticated chortle that simple parts of the plant such as seawater cooling ducts, installed a decade ago, are now in need of repair.

The builders are phlegmatic about the jokes. They are well aware that only power in large quantities will convert the sceptics, given a history which includes criticism from a former chairman of the Central Electricity Generating Board that the type of nuclear reactor they were building was a "catastrophe which must not be repeated."

Consortium

They have to live down the fact that the CEBG at one point seriously considered abandoning the project, and that the late Mr. E. C. Williams, when chief nuclear inspector, was known to express doubts whether a project with such a history of mishaps in construction could ever meet British standards of nuclear safety. They are still well aware that, despite the size of the project, the local MP kept away from the site for four years, until a few weeks ago.

But for the men of Dungeness B life began again four years ago. "As far as I'm concerned, what happened before 1976, I don't want to know about," says Mr. Joe Seddon, resident site manager and one of a trio of north-countrymen brought in in 1976 to clean up the mess, as it then was.

The CEBG placed the original order for Dungeness B in 1965. It was the first station to use the advanced gas-cooled reactor (AGR). The lowest tender, £89m, came from a consortium called Atomic Power Construction (APC). By 1970 the difficulties of being lead station for a new generation of nuclear reactors, 20 times the size of the prototype, had brought APC to the verge of bankruptcy. The CEBG, which still wanted its station, took the only course open. It acquired the remnants of APC, and gave a contract to British Nuclear Design and Construction, a subsidiary of GEC, to manage the project. In 1976 GEC asked to be relieved of its contract, with the

station apparently no nearer completion. The CEBG tried a fresh tactic. It set up a new directorate of APC, with Dr. Ned Franklin, chief executive of the Nuclear Power Company, as its new chairman and managing director. APC—as a subsidiary of the CEBG—then placed a contract with the Nuclear Power Company to complete the two reactors and another with the CEBG itself to complete the generation side of the plant.

On the site itself Mr. Seddon is in charge of a unified supervisory management composed of APC, CEBG and Nuclear Power Company staff. Completing the north-country trio are his deputy, Mr. Alan Wallis, and Mr. Bill Coates, project manager, based at APC's headquarters at Sutton, South London. Between them this team has turned the project round to such an extent that the CEBG chairman, Mr. Glyn England, said confidently last month that the station was scheduled to begin supplying electricity to the grid early next year. The CEBG expects it to be its next new power station on-load.

Late last year they were ready to start the protracted commissioning on the first reactor. Now they are plodding through combined engineering tests, with the aim of loading nuclear fuel late this year and raising power for the first time early next spring.

Dungeness B stands on a man-made headland of the Kent coast devoted to nuclear energy and birds. It has been a nuclear construction site since about 1960; so long ago that people talk of it as "a factory for making nuclear stations." Dungeness A, a 410 MW Magnox station, began producing power in 1965, the year the B station started construction.

With the concrete containment round the reactors completed, the station has the appearance of a castle with two towering turrets. At night, with its long illuminated flutes in these turrets, it can be mistaken for a cathedral, say the locals. It was the last of the nuclear stations for which the CEBG permitted a little architectural flair to soften the profile of the great concrete boxes round the gas-cooled reactors. Newer stations are much squarer, more factory like in design.

The first mistake the CEBG made with Dungeness B, Mr. Coates says, was to think that it could build a power station

producing three times as much power as Dungeness A from one-third of the volume of building in the same time of five or six years. Its reactors are the smallest in diameter of all the AGRs. The new ones at Haysham and Torness, to be started shortly, will have an extra few feet in diameter to make fitting much easier, especially in the final stages when almost all the equipment is in.

This is the stage reached by the second reactor at Dungeness—the first is finished and being tested—when access becomes a strenuous exercise in potholing in made-made caves.

Inside, in a glittering cave above the core of the reactors, dozens of skilled craftsmen clad in white nylon overalls are putting the finishing touches to hundreds of stalagmites of stainless steel. They squat uncomfortably like tailors, trimming steel foil to fit awkward corners or welding in nooks and crannies with the help of a dentist's mirror.

The high proportion of fiddly fitting of this kind makes the AGR an intrinsically more difficult and time-consuming machine to build than reactors which can largely be assembled in a factory. About 150,000 separate metal panels have to be fitted together very accurately around the inside of each reactor. At Dungeness they admit that they have learned no way of getting more of this painstaking work done away from the site.

Robots

Some of the special metal foil insulation against damage by hot gas is required in places inaccessible even to these skilled craftsmen. For one particularly difficult problem, the Nuclear Power Company's laboratories at Whetstone have developed the technology for insulating the area by remotely controlled welders, slender enough to squeeze between heat-exchanger pipework and the wall to be lined. The gap is no more than a couple of inches. Craftsmen are now being trained to use these robots so that the job will seem routine to them once the machines are taken into the reactor.

Still more convincing evidence that Dungeness B is at last coming right can be found in the site labour relations. The project passed its peak employment—2,200 on site—last year and is scheduled to run down



Planning the final stages—(left to right) Mr. Joe Seddon, resident site manager, Mr. Alan Wallis, deputy site manager, and Mr. Bill Coates, projects manager.

steeply from 1,880 at present to as few as 200 by the end of 1981.

The unions are well aware of the situation. After the new team had taken over, time lost through industrial disputes peaked at 6.7 per cent. But last year, with the new team firmly in place, time lost fell dramatically to 1.3 per cent. This year it is running at 0.7 per cent.

Mr. Seddon says that the worst strike years also reflect problems over incomes policy and bonuses. The bonuses at Dungeness B now fall "within a reasonably narrow band, acceptable to the vast majority."

The worst feature found was apathy, "the feeling that the project would never be finished." The new management's play has been deliberately to encourage the unions to blame earlier managements before 1976 for the continuing troubles, and to let them take the credit themselves for progress since 1976.

If the project continues to meet its present schedule, with the first reactor on-load early next year and the second a year later, the final cost to the CEBG will be about £450m. The original price quoted by APC was £39m. Nevertheless, Mr. Coates, a civil engineer, claims that proportionately the price has risen less than that of the long-overdue Thames Barrier—"and that's just a civil engineering job."

But will this "factory for making nuclear stations" maintain the pace of the past two years for another 18 months and work itself out of a job? Or do the unions at Dungeness believe that, with room for two more power stations on the headland, they are high on the

list for a fresh project early in the 1980s?

The CEBG itself has certainly made no such promise. In fact as recently as two years ago its attitude was that it wanted to finish the project and clear the site of a workforce which had long abandoned the normal itinerant habits of construction industry workers and put down roots in the area. "Over the last two years we've been very much encouraged by the spirit right across the site," says Mr. Denis Lomer, board member responsible for CEBG construction. His board is no longer apprehensive about undertaking a new project at Dungeness, he says.

Whether it will be another AGR is a more open question. The CEBG is certainly keen to demonstrate some of the claims for the pressurised water reactor which it has been making for the past eight years. The Government, having authorised it to proceed with a "demonstration" PWR last December, is palpably impatient with the slow progress it has made this year.

But Mr. Glyn England, chairman of the CEBG, in a progress report to his own staff last month, made it plain that the board was becoming increasingly enthusiastic about the performance of the two AGRs it has working, at Hinkley in Somerset.

He compared the "heartening performance" of Hinkley B over the previous 12 months with that of Drax B, the board's newest coal-fired station, equipped with the same kind of generating plant. Electricity from the coal-fired station last year was about 14 per cent more expensive than electricity from the nuclear station.

A FINANCIAL TIMES SURVEY

HONG KONG

JULY 7 1980

The Financial Times proposes to publish a Survey on Hong Kong in its edition of July 7. The editorial synopsis is set out below:

INTRODUCTION The past three years have seen Hong Kong make a great leap forward both economically and in its relations with China. Can it now consolidate its gains in the face of more adverse external circumstances?

THE ECONOMY Successive years of growth find the economy more diverse and mature but wondering whether it can make a soft landing from high inflation, an extravagant property boom and rampant money growth in the face of a possibly severe world recession.

CHINA RELATIONS The extraordinarily rapid development of relations with a modernising post-Mao China has done wonders for confidence in Hong Kong. Immigration from China remains a major problem for overcrowded Hong Kong. Also Hong Kong as a source of investment, skills and market for China.

GUANGDONG RELATIONS A look at various developments in transport and industry in the neighbouring province and Shenzhen industrial area.

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Companies and Markets

LONDON STOCK EXCHANGE

Ull in demand for equities but undertone remains firm dex up 1.4 at 469.0—Long-dated Gilts below best

UNIT DEALING DATES
Options
Declarations
Last Account
Dividends
June 12 June 13 June 23
June 26 June 27 July 7
June 30 July 10 July 17 July 21

Demand for equities showed signs of flagging yesterday, a natural reaction after the recent sharp upward movement. The underlying tone remained extremely firm though as illustrated by the ease with which 11m shares in Pilkington Bros. were placed at about £25m with institutions through the market.

Medium and long-dated Gilt-edged continued to draw strength from the better-than-expected May trade figures and last Monday's exhaustion of the medium tap. Fresh overseas

demand took prices higher before a good two-way trade developed which left closing gains ranging to 1 and sometimes more, about 1 to 1 below the day's best. In contrast, talk of a new short-term being announced on Thursday coupled with extremely tight conditions in money markets caused pressure on short-dated issues. Prices at this end of the market closed with losses extending to 1 and were trending lower in the late dealings. The credit shortage was caused by the resale to the banks of £500m of gilts bought by the authorities earlier in the year and settlement for heavy purchases of the medium tap on Monday.

Leading industrialists started on a subdued note, but early selling was small and soon dried up. Buyers were still showing occasional interest and final quota-

tions were generally a shade harder on the day. Down 16 at the 11.00 am calculation, the FT 30-share index closed 1.4 higher on balance to take its rise over the past 11 trading days to 563.3 at 469.0.

Overall trading conditions in equities were quieter, but many secondary issues caught up with the previous day's sharp improvement in the leaders and total bargains over the last two days averaged 25,589 compared with 20,143 a week ago.

Traded options remained active with a total of 1,983 deals done. Grand Metropolitan continued to attract contract interest with 394 contracts completed, while others in demand included Shell, 137 trades, and Lomax, 188.

Discounts better
Buoyed by the impressive performance of gilts, Discount Houses made useful progress. Alexander's led the advance with a rise of 15 to 245p, while improvements of 10 were seen in Allen Harvey and Ross, 340p, Gerrard and National, 258p, and Secombe Marshall and Campion, 240p. Among smaller-priced issues, Clive added 4 to 45p as did Jessel Toyne, 2p, and King and 2p to 10p. Another good business was transacted in the major clearing banks but the closing trend was mixed. After initially easing to 382p, Barclays rallied to close 12 higher on balance at 407p but Lloyd's finished only a penny harder at 332p, after 328p. Bank of Scotland were notable for a rise of 10 to 273p. In thin markets, Brown Shipley added 12 to 348p and Schroders gained 18 to 248p. Cheaper money hopes encouraged Hire Purchase with Sterling Credit a couple of pence better at 14p and Cattle Holdings 1½ dearer at 33p.

Composite Insurances scored fresh improvements ranging to 8, but among life issues, Legal and General softened 2 to 187p with sentiment undermined by news of the company's labour troubles.

The emphasis in Buildings switched to selected secondary issues where P. C. Henderson jumped 30 to 185p and the "A" 32 to 175p as speculative interest increased. Among House-builders, Federated Land stood out with a gain of 6 at 76p, while Coughlin added 2 more to 72p. Renewed support lifted John Mowlem 6 to 98p, while Westbriks Products firmed 5 to 56p, the latter in response to the increased annual profits and the chairman's confident remarks. Beechwood Construction

hardened a fraction to 21p despite the lower preliminary profits, and Allied Plant added 1½ to 33p in belated response to the chairman's confident statement. Brown and Jackson held at 139p as rights, the price in Monday's issue was incorrect. Among the leaders, Coggin were notable for a gain of 6 at 184p.

Subjected to profit-taking at the outset when a couple of pence was clipped from the price, ICI subsequently regained the overnight level of 385p as steady buying ensued. Other Chemicals closed narrowly

to 389p, while Plessey firmed a couple of pence to 155p. Ferranti, annual results Tuesday, eased 8 to 550p following suggestions that the NEB's 50 per cent holding may be offered for general sale rather than going to a single bidder. Second thoughts over the Boardroom changes and reduced annual earnings clipped 5 from M.R. Electric, 180p.

Still reflecting nationalisation compensation hopes, Vosper jumped 20 more to 180p in Engineering, while Yarrow gained 18 to 263p in sympathy.

ton when 11.8m shares in the group which were previously owned by BSN-Gervais Demone S.A., a French public company, were successfully placed with various institutions at 215p a share. Pilkington initially eased to 225p on the news before rallying strongly to 238p and closing 6 net 9 up on balance at 232p. Other leaders took a breather after the recent euphoria and the closing tone was mixed. Elsewhere, hopes that the approaching two-for-one scrip-issue will enhance the shares' marketability lifted Holt Royal International 9 to 222p, while Applied Cam putters jumped 15 more to 385p with sentiment still buoyed by the recent good results. Awaiting further news of the bid approach, Unicorn Industries firmed 6 a share to 122p, while buying on recovery hopes lifted BTR, 322p, London and Midland, 116p, and Office and Electronic, 270p, all closed around 6 better. While Portals continued to reflect favourable comment with a 10p rise to 4 to 345p, the cliff's spokesman put an abate amount to 38p and Scapa added 5 to 72p. By way of contrast, profit-taking in the wake of the good results left National Carbinising 12 off at 132p.

Among Leisure issues, Horizon Travel put on 12 for a two-day gain of 22 to 280p on speculative buying. Boosey and Hawkes continued the recent revival with a fresh rise of 4 to 124p. Motor Distributors, the subject of bullish comment recently, recovered to close with moderate gains. Cadfins, depressed since last week's disappointing annual results, rallied 6 to 118p, while T. Cowie, currently bidding for George Ewer, improved 3 to 38p. Properties became subdued after recent gains on optimism about interest rates. Movements in the leaders rarely exceeded a penny or so in either direction, but selected secondary issues continued to attract support. Among the best were Warner Estates, up 13 to 278p in a limited market, and Evans of Leeds 8 better at 130p, also in a thin market. Property and Reversionary firmed 3 to 153p, after 155p, in response to the increased preliminary profits.

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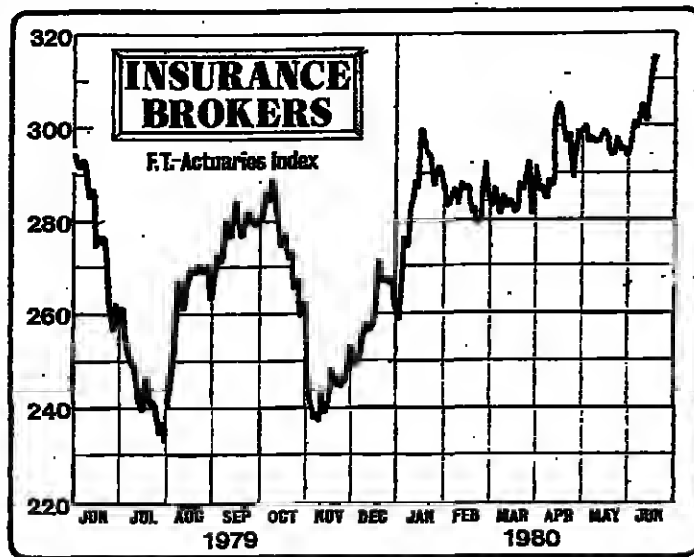
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FINANCIAL TIMES STOCK INDICES

	June 17	June 18	June 19	June 20	June 21	June 22	June 23
Government Secs.	45.88	45.88	45.88	45.88	45.88	45.88	45.88
Fixed Interest	70.11	70.11	70.11	70.11	70.11	70.11	70.11
Industrial	449.0	447.6	449.0	449.0	449.0	449.0	449.0
Gold Mines	338.5	338.5	338.5	338.5	338.5	338.5	338.5
Ord. Div. Yield	7.64	7.64	7.64	7.64	7.64	7.64	7.64
Earnings/Ord. Div. (p)	18.48	18.48	18.48	18.48	18.48	18.48	18.48
P/E Ratio (net)	6.81	6.81	6.81	6.81	6.81	6.81	6.81
Total bargains	28,448	28,448	28,448	28,448	28,448	28,448	28,448
Equity turnover (£m)	144.93	144.93	144.93	144.93	144.93	144.93	144.93
Equity bargains total	19,004	19,004	19,004	19,004	19,004	19,004	19,004

10 am 463.8, 11 am 468.0, Noon 468.2, 1 pm 468.1, 2 pm 467.7, 3 pm 468.5, Latest index 07:28:00Z, "HI"=5.1%, Basis 100 Govt. Secs. 15/10/78, Fixed Int. 1828, Industrial 04/7/75, Gold Mines 12/9/75, SE Activity July-Dec. 1972.

HIGHS AND LOWS

	1980	Since Completion	Since 1970	Since 1960
Govt. Secs.	69.28	63.85	197.4	49.18
Fixed Int.	70.11	70.11	160.4	50.38
Ind. Ord.	478.8	408.9	588.8	40.4
Gold Mines	338.5	338.5	442.5	42.5

and firmed 9 more to 281p, while Smith Bros. added a penny at 38p. Doubts over the group's proposed acquisition of Fairly led S. Pearson 4 harder at 228p, while Robert Kitchner Taylor attracted interest in front of today's half-timer and ended 5 firmer at 140p.

Textiles were again featured by Dawson International, 6 better at 115p on further consideration of the pleasing preliminary results. Nottingham Manufacturing, interim statement due next month, added 4 to 109p, while similar gains were seen in S. J. & B. and British Matchless Spinning, 42p. Support in a narrow market lifted David Dixon 15 to 100p. Sidlaw, due of late following the interim deficit, rallied 2 to 99p. Trading in mining shares remained quiet yesterday with most prices a little slack where changed. There were signs of small-scale selling in South African Gold as the bullion price eased further to \$391.5, and this took the Gold Mine index down 4.7 to 328.5.

Among the heavier-priced issues, Westfield International ended 1 down at £37.1. Falls to 8 were recorded in the lower-priced issues. South African Financials drifted lower in sympathy, with De Beers 2 easier at 408p. Johnnies down 1 at £28p, and Anglo American losing 12 to 54p.

London Financials were also mostly easier where changed, with both Rio Tinto-Zinc and Selection Trust encountering profit-taking. RTZ closed 4 lower at 398p, and Selection Trust 2 lower at 652p.

Australian also ran into profit-taking, and this, along with the decline in the gold price, left most of the leaders a few pence cheaper at the end of the day. Pacific Copper lost 14 to 216p, Peko Waddell 10 to 365p, and CRA 8 to 260p.

Gold Mines of Kalgoorlie

dropped 4 to 366p, North Kalgoorlie were down by a similar amount at 80p. Position lost 5 to 175p. This were largely untested. Profit-taking struck Gopeng down at 416p, and Bertram, 5 lower at 155p.

NEW HIGHS AND LOWS FOR 1980

NEW HIGHS (204)

NEW LOWS (14)

RISES AND FALLS YESTERDAY

Up Down Same

British Empire 27 5 34

Foreign Bonds 22 5 34

Industrial 482 27 509

Financials 14 20 34

Platinum 14 20 34

Mines 21 7 28

Others 57 38 95

Totals 898 325 1,223

LONDON TRADED OPTIONS

	July			Oct.			Jan.		
Option	Ex. raise	Closing Price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity close
BP	300	82	1	88	—	1	100	—	375p
BP	330	58	2	68	—	1	85	—	—
BP	360	28	16	46	—	1	40	—	—
BP	400	11	0	27	—	4	40	—	—
BP	450	27	0	32	—	1	32	—	—
BP	500	11	0	27	—	4	—	—	—
Corn. Union	130	37	1	44	—	1	—	—	—
Corn. Union	130	37	1	44	—	1	27	1	145p
Corn. Union	140	9	27	14	45	20	—	—	—
Corn. Union	160	1	—	4	—	0	—	—	—
Corn. Gold	450	27	38	55	3	70	—	—	470p
Cons. Gold	500	10	7	35	—	5	52	—	—
Courtauds	60	12	44	2	14	11 ¹ / ₂	50	—	72p
Courtauds	70	0	10	2	—	1	—	—	—
Courtauds	80	1 ¹ / ₂	—	7 ¹ / ₂	14	17	—	—	—
CEG	350	64	—	75	1	68	—	1	68p
GEQ	390	11	34	08	34	60	—	—	—
Grand Met.	120	35	—	38	1	43	—	1	154p
Grand Met.	130	20	27	20	40	25	—	—	—
Grand Met.	140	13	—	0	0	10	—	—	—
Grand Met.	160	4 ¹ / ₂	96	10	65	10	40	—	—
ICI	320	02	178	78	10	86	—	1	250p
ICI	360	32	58	20	80	86	—	—	—
ICI	090	0	27	28	12	08	1	—	—
IGI	420	2	—	0	10	—	—	—	—
Land Secs.	203	41	9	63	—	66	—	—	33p
Land Secs.	323	14	72	32	7	45	10	—	—
Land Secs.	353	3	—	13	26	20	30	—	—
Mark & O.p.	80	15	—	10	1	21 ¹ / ₂	—	—	94p
Mark & Sp.	90	0	20	10	5	14	—	—	—
Mark & Sp.	100	1 ¹ / ₂	—	0	38	—	—	—	407p
Stell	350	84	—	—	—	—	—	—	—
Stell	360	54	12	96	22	80	10	—	—
Shell	490	37	1	44	44	38	10	—	—
Shell	420	10	44	21	—	58	—	—	—
Totals			590		556		137		
August November February									
Imperial Op.	70	14	—	10	2	17 ¹ / ₂	1	82p	
Imperial Op.	80	15	—	8	3	10 ¹ / ₂	1	—	
Lorhro	70	29 ¹ / ₂	1	31	3	32	—	97p	
Lorhro	80	10 ¹ / ₂	10	22	20	12	—	—	
Lorhro	90	11 ¹ / ₂	34	20	30	12	—	—	
Lorhro	100	0	45	10	34	11 ¹ / ₂	1	—	
P. & O.	100	24	—	22	—	39	1	110p	
P. & O.	110	14	—	7	14	11 ¹ / ₂	10	—	
Racal Elec.	220	44	15	20	—	68	2	262p	
Racal Elec.	240	27	2	41	—	03	—	—	
Racal Elec.	260	15	36	27	—	08	—	—	
RTZ	530	78	10	30	100	13	—	398p	
RTZ	590	37	8	58	13	70	—	—	
RTZ	620	12	44	33	5	55	—	—	
Totals			284		58		28		

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED
UNIT
TRUSTS

Enson & Bailey Unit Mgmt. Ltd. 25 Abchurch Lane, London EC4N 3DF 01-493 3212	Manulife Management Ltd. St. George's Way, Sevenoys, Kent 0438 56101	Stewart Unit Trst. Managers Ltd. 45, Charlotte St., Edinburgh 01-226 3271	City of Westminster Assurance 11, Cannon Row, London EC4N 3DF 01-493 3212	11, Cannon Row, London EC4N 3DF 01-493 3212	Schroder Life Group Schroder House, London EC4N 3DF 01-493 3212	Barclays Bank Ltd. Barclays Bank, London EC4N 3DF 01-493 3212
Equity & Law Unit Trst. Mgmt. Ltd. 25 Abchurch Lane, London EC4N 3DF 01-493 3212	Mayfield Management Co. Ltd. 15, Grosvenor St., London EC2A 3JF 01-493 3212	Sun Alliance Fund Mgmt. Ltd. 30, Grosvenor St., London EC2A 3JF 01-493 3212	London Life Assurance Co. Ltd. 11, Cannon Row, London EC4N 3DF 01-493 3212	London Life Assurance Co. Ltd. 11, Cannon Row, London EC4N 3DF 01-493 3212	London Life Assurance Co. Ltd. 11, Cannon Row, London EC4N 3DF 01-493 3212	London Life Assurance Co. Ltd. 11, Cannon Row, London EC4N 3DF 01-493 3212
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INSURANCE
PROPERTY
BONDS

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

Five to Fifteen Years

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

Over Fifteen Years

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

Undated

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

INTERNATIONAL BANK

67 1/2 78 50c Stock 77-82 1/2 87 1/4 1/2 57 1/2 11 1/2

CORPORATION LOANS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

COMMONWEALTH AND AFRICAN LOANS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

LOANS

Public Board and Ind.

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

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LOANS—Continued

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

FOREIGN BONDS & RAILS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

AMERICANS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50

BANKS & HP—Continued

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

BEERS, WINES AND SPIRITS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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CHEMICALS, PLASTICS—Cont.

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

DRAPERY AND STORES

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50

ELECTRICALS

Stock	Price	Yield
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50

ENGINEERING—Continued

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50

FOOD, GROCERIES, ETC.

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

INDUSTRIALS (Miscel.)

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50

FOOD, GROCERIES—Cont.

Stock	Price	Yield
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
Ensign 12.50	12.50	12.50
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HOTELS AND CATERERS

85	18 50	Transoceanic 20	22 22	22	22 22	22 22	22 22
85 75	18 50	Tropic Sea	22 22	22	22 22	22 22	22 22
85 75	18 50	United States	22 22	22	22 22	22 22	22 22
85 75	18 50	Western Pacific	22 22	22	22 22	22 22	22 22
85 75	18 50	Western Pacific	22 22	22	22 22	22 22	22 22

HOTELS AND CATERERS							
77	25 25	150 150	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
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25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150	122 122	122 122	122 122	122 122	122 122	122 122
25 25	150 150						

INDUSTRIALS—Continued

Stock	Price	Change	Stock	Price	Change
British Petroleum	245.00	+1.00	British Petroleum	245.00	+1.00
Shell	235.00	+1.00	Shell	235.00	+1.00
Esso	225.00	+1.00	Esso	225.00	+1.00
Amoco	215.00	+1.00	Amoco	215.00	+1.00
Exxon	205.00	+1.00	Exxon	205.00	+1.00
BP	195.00	+1.00	BP	195.00	+1.00
Shell	185.00	+1.00	Shell	185.00	+1.00
Esso	175.00	+1.00	Esso	175.00	+1.00
Amoco	165.00	+1.00	Amoco	165.00	+1.00
Exxon	155.00	+1.00	Exxon	155.00	+1.00
BP	145.00	+1.00	BP	145.00	+1.00
Shell	135.00	+1.00	Shell	135.00	+1.00
Esso	125.00	+1.00	Esso	125.00	+1.00
Amoco	115.00	+1.00	Amoco	115.00	+1.00
Exxon	105.00	+1.00	Exxon	105.00	+1.00
BP	95.00	+1.00	BP	95.00	+1.00
Shell	85.00	+1.00	Shell	85.00	+1.00
Esso	75.00	+1.00	Esso	75.00	+1.00
Amoco	65.00	+1.00	Amoco	65.00	+1.00
Exxon	55.00	+1.00	Exxon	55.00	+1.00
BP	45.00	+1.00	BP	45.00	+1.00
Shell	35.00	+1.00	Shell	35.00	+1.00
Esso	25.00	+1.00	Esso	25.00	+1.00
Amoco	15.00	+1.00	Amoco	15.00	+1.00
Exxon	5.00	+1.00	Exxon	5.00	+1.00

INSURANCE—Continued

Stock	Price	Change	Stock	Price	Change
Prudential	125.00	+1.00	Prudential	125.00	+1.00
MetLife	115.00	+1.00	MetLife	115.00	+1.00
Gen Re	105.00	+1.00	Gen Re	105.00	+1.00
Swire	95.00	+1.00	Swire	95.00	+1.00
Aviva	85.00	+1.00	Aviva	85.00	+1.00
Prudential	75.00	+1.00	Prudential	75.00	+1.00
MetLife	65.00	+1.00	MetLife	65.00	+1.00
Gen Re	55.00	+1.00	Gen Re	55.00	+1.00
Swire	45.00	+1.00	Swire	45.00	+1.00
Aviva	35.00	+1.00	Aviva	35.00	+1.00
Prudential	25.00	+1.00	Prudential	25.00	+1.00
MetLife	15.00	+1.00	MetLife	15.00	+1.00
Gen Re	5.00	+1.00	Gen Re	5.00	+1.00

PROPERTY—Continued

Stock	Price	Change	Stock	Price	Change
Landsec	125.00	+1.00	Landsec	125.00	+1.00
Imperial	115.00	+1.00	Imperial	115.00	+1.00
Griffiths	105.00	+1.00	Griffiths	105.00	+1.00
Imperial	95.00	+1.00	Imperial	95.00	+1.00
Griffiths	85.00	+1.00	Griffiths	85.00	+1.00
Imperial	75.00	+1.00	Imperial	75.00	+1.00
Griffiths	65.00	+1.00	Griffiths	65.00	+1.00
Imperial	55.00	+1.00	Imperial	55.00	+1.00
Griffiths	45.00	+1.00	Griffiths	45.00	+1.00
Imperial	35.00	+1.00	Imperial	35.00	+1.00
Griffiths	25.00	+1.00	Griffiths	25.00	+1.00
Imperial	15.00	+1.00	Imperial	15.00	+1.00
Griffiths	5.00	+1.00	Griffiths	5.00	+1.00

INVESTMENT TRUSTS—Cont.

Stock	Price	Change	Stock	Price	Change
Investment Trust	125.00	+1.00	Investment Trust	125.00	+1.00
Investment Trust	115.00	+1.00	Investment Trust	115.00	+1.00
Investment Trust	105.00	+1.00	Investment Trust	105.00	+1.00
Investment Trust	95.00	+1.00	Investment Trust	95.00	+1.00
Investment Trust	85.00	+1.00	Investment Trust	85.00	+1.00
Investment Trust	75.00	+1.00	Investment Trust	75.00	+1.00
Investment Trust	65.00	+1.00	Investment Trust	65.00	+1.00
Investment Trust	55.00	+1.00	Investment Trust	55.00	+1.00
Investment Trust	45.00	+1.00	Investment Trust	45.00	+1.00
Investment Trust	35.00	+1.00	Investment Trust	35.00	+1.00
Investment Trust	25.00	+1.00	Investment Trust	25.00	+1.00
Investment Trust	15.00	+1.00	Investment Trust	15.00	+1.00
Investment Trust	5.00	+1.00	Investment Trust	5.00	+1.00

FINANCE, LAND—Continued

Stock	Price	Change	Stock	Price	Change
Finance	125.00	+1.00	Finance	125.00	+1.00
Finance	115.00	+1.00	Finance	115.00	+1.00
Finance	105.00	+1.00	Finance	105.00	+1.00
Finance	95.00	+1.00	Finance	95.00	+1.00
Finance	85.00	+1.00	Finance	85.00	+1.00
Finance	75.00	+1.00	Finance	75.00	+1.00
Finance	65.00	+1.00	Finance	65.00	+1.00
Finance	55.00	+1.00	Finance	55.00	+1.00
Finance	45.00	+1.00	Finance	45.00	+1.00
Finance	35.00	+1.00	Finance	35.00	+1.00
Finance	25.00	+1.00	Finance	25.00	+1.00
Finance	15.00	+1.00	Finance	15.00	+1.00
Finance	5.00	+1.00	Finance	5.00	+1.00

International Financial

DAIWA

SECURITIES

MINES—Continued

Stock	Price	Change	Stock	Price	Change
Mines	125.00	+1.00	Mines	125.00	+1.00
Mines	115.00	+1.00	Mines	115.00	+1.00
Mines	105.00	+1.00	Mines	105.00	+1.00
Mines	95.00	+1.00	Mines	95.00	+1.00
Mines	85.00	+1.00	Mines	85.00	+1.00
Mines	75.00	+1.00	Mines	75.00	+1.00
Mines	65.00	+1.00	Mines	65.00	+1.00
Mines	55.00	+1.00	Mines	55.00	+1.00
Mines	45.00	+1.00	Mines	45.00	+1.00
Mines	35.00	+1.00	Mines	35.00	+1.00
Mines	25.00	+1.00	Mines	25.00	+1.00
Mines	15.00	+1.00	Mines	15.00	+1.00
Mines	5.00	+1.00	Mines	5.00	+1.00

INSURANCE

Stock	Price	Change	Stock	Price	Change
Prudential	125.00	+1.00	Prudential	125.00	+1.00
MetLife	115.00	+1.00	MetLife	115.00	+1.00
Gen Re	105.00	+1.00	Gen Re	105.00	+1.00
Swire	95.00	+1.00	Swire	95.00	+1.00
Aviva	85.00	+1.00	Aviva	85.00	+1.00

PROPERTY

Stock	Price	Change	Stock	Price	Change
Landsec	125.00	+1.00	Landsec	125.00	+1.00
Imperial	115.00	+1.00	Imperial	115.00	+1.00
Griffiths	105.00	+1.00	Griffiths	105.00	+1.00
Imperial	95.00	+1.00	Imperial	95.00	+1.00
Griffiths	85.00	+1.00	Griffiths	85.00	+1.00

TRUSTS, FINANCE, LAND

Stock	Price	Change	Stock	Price	Change
Trusts	125.00	+1.00	Trusts	125.00	+1.00
Trusts	115.00	+1.00	Trusts	115.00	+1.00
Trusts	105.00	+1.00	Trusts	105.00	+1.00
Trusts	95.00	+1.00	Trusts	95.00	+1.00
Trusts	85.00	+1.00	Trusts	85.00	+1.00

FINANCE, LAND, etc.

Stock	Price	Change	Stock	Price	Change
Finance	125.00	+1.00	Finance	125.00	+1.00
Finance	115.00	+1.00	Finance	115.00	+1.00
Finance	105.00	+1.00	Finance	105.00	+1.00
Finance	95.00	+1.00	Finance	95.00	+1.00
Finance	85.00	+1.00	Finance	85.00	+1.00

DIAMOND AND PLATINUM

Stock	Price	Change	Stock	Price	Change
Diamond	125.00	+1.00	Diamond	125.00	+1.00
Diamond	115.00	+1.00	Diamond	115.00	+1.00
Diamond	105.00	+1.00	Diamond	105.00	+1.00
Diamond	95.00	+1.00	Diamond	95.00	+1.00
Diamond	85.00	+1.00	Diamond	85.00	+1.00

REGIONAL MARKETS

Stock	Price	Change	Stock	Price	Change
Regional	125.00	+1.00	Regional	125.00	+1.00
Regional	115.00	+1.00	Regional	115.00	+1.00
Regional	105.00	+1.00	Regional	105.00	+1.00
Regional	95.00	+1.00	Regional	95.00	+1.00
Regional	85.00	+1.00	Regional	85.00	+1.00

OPTIONS

Stock	Price	Change	Stock	Price	Change
Options	125.00	+1.00	Options	125.00	+1.00
Options	115.00	+1.00	Options	115.00	+1.00
Options	105.00	+1.00	Options	105.00	+1.00
Options	95.00	+1.00	Options	95.00	+1.00
Options	85.00	+1.00	Options	85.00	+1.00

